



## QUALITY RO INDUSTRIES LIMITED

CIN - U29308GJ2021PLC126004



Our Company was originally incorporated on September 30, 2021 as "Quality RO Industries Private Limited" vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from "Quality RO Industries Private Limited" to "Quality RO Industries Limited" vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad. The Corporate Identity Number of our Company is U29308GJ2021PLC126004. For further details, please refer to chapter titled "History and Corporate Structure" beginning on page 96 of this Draft Prospectus.

**Registered Office:** Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.

**Tel. No.:** +91- 6358839303; **E-mail:** [info@qualityro.in](mailto:info@qualityro.in); **Website:** [www.qualityro.in](http://www.qualityro.in)

**Contact Person:** Mr. Narendra Gupta, Company Secretary and Compliance Officer.

**OUR PROMOTER: MR. VIVEK DHOLIYA**

THE ISSUE	
INITIAL PUBLIC ISSUE OF UPTO 5,30,000 EQUITY SHARES OF RS. 10/- EACH ("EQUITY SHARES") OF QUALITY RO INDUSTRIES LIMITED ("QRIL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO RS. [●] LAKHS ("THE ISSUE"), OF WHICH UPTO [●] EQUITY SHARES OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] LAKH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UPTO [●] EQUITY SHARES OF RS. [●] EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO RS. [●] LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●]%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO CHAPTER TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE NO 171 OF THIS DRAFT PROSPECTUS.	
THE FACE VALUE OF THE EQUITY SHARE IS RS. 10/- AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE	
In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") this Issue is being made for at least 25% of the Post-Issue Paid-up Equity Share capital of our Company. This Issue is a Fixed Price Issue in compliance with Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (The "SEBI ICDR Regulations"), as amended and Allocation in the Net Issue to the Public will be made in terms of regulation 253 of the SEBI ICDR Regulations, as amended. In terms of the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 and SEBI/HO/CFD/DIL2/CIR/P/2018/138, All Applicants shall only participate in the Issue through an Application Supported by Blocked Amount ("ASBA") process by providing details about the respective bank account (including UPI ID for RIIs using UPI Mechanism) wherein the Application Amount will be blocked by the Self Certified Syndicate Banks ("SCSBs") or under the UPI Mechanism as the case may be, to the extent of respective Application Amount. For further details, please refer to chapter titled "Issue Procedure" beginning on page 178 of this Draft Prospectus.	
RISK IN RELATION TO THE FIRST ISSUE	
This being the first Public Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10/- each and the Issue Price is [●] times the face value. The Issue Price (determined and justified by our Company in consultation with the Lead Manager) as stated under chapter titled "Basis for Issue Price" beginning on Page No. 64 of this Draft Prospectus should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.	
GENERAL RISKS	
Investment in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to chapter titled "Risk Factors" beginning on Page No. 19 of this Draft Prospectus.	
ISSUER'S ABSOLUTE RESPONSIBILITY	
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.	
LISTING	
The Equity Shares offered through this Draft Prospectus are proposed to be listed on SME Platform of BSE Limited (BSE SME) in terms of the Chapter IX of the SEBI ICDR Regulations as amended from time to time. Our Company has received an In-Principal Approval letter dated [●] from BSE Limited ("BSE") for using its name in this offer document for listing our shares on the SME Platform of BSE Limited (BSE SME). For the purpose of this Issue, the Designated Stock Exchange will be the BSE Limited.	
LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 <p><b>SHRENI SHARES PRIVATE LIMITED</b>  <b>SEBI Registration Number:</b> INM000012759  Office No. A-102, 1st Floor, Sea Lord CHSL,  Above Axis Bank, Ram Nagar, Borivali (West),  Mumbai- 400092, Maharashtra, India  <b>Tel No.:</b> +91 - 22 - 2808 8456  <b>Email:</b> <a href="mailto:shrenishares@gmail.com">shrenishares@gmail.com</a>  <b>Investors Grievance Id:</b> <a href="mailto:info@shreni.in">info@shreni.in</a>  <b>Website:</b> <a href="http://www.shreni.in">www.shreni.in</a>  <b>Contact Person:</b> Mr. Krunal Pipaliya</p>	 <p><b>SKYLINE FINANCIAL SERVICES PRIVATE LIMITED</b>  <b>SEBI Registration Number:</b> INE00003241  D-153A, 1st Floor, Okhla Industrial Area Phase-I,  New Delhi - 110020, India  <b>Telephone:</b> +91-11-40450193-197  <b>Fax No:</b> +91-11-26812683  <b>Email:</b> <a href="mailto:compliances@skylinerta.com">compliances@skylinerta.com</a>  <b>Investor grievance email:</b> <a href="mailto:grievances@skylinerta.com">grievances@skylinerta.com</a>  <b>Website:</b> <a href="http://www.skylinerta.com">www.skylinerta.com</a>  <b>Contact Person:</b> Mr. Alok Gautam</p>
ISSUE OPENS ON	ISSUE CLOSES ON
[●]	[●]

**THIS PAGE HAS BEEN KEPT BLANK PURSUANT  
TO SCHEDULE VI OF  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

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## **SECTION I – GENERAL**

### **DEFINITIONS AND ABBREVIATIONS**

*This Draft 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 such provision.*

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

*Notwithstanding the foregoing, terms used in of the chapters “Industry Overview”, “Key Regulations and Policies”, “Statement of Special Tax Benefits”, “Restated Financial Statements”, “Basis for Issue Price”, “History and Corporate Structure”, “Other Regulatory and Statutory Disclosures”, “Outstanding Litigations and Material Developments” and “Description of Equity Shares and Terms of the Articles of Association” on pages 70, 88, 66, 118, 64, 96, 160, 153 and 201, respectively, shall have the meaning ascribed to such terms in such sections.*

#### **General Terms**

<b>Term</b>	<b>Description</b>
“QRIL”, “the Company”, “our Company” and Quality RO Industries Limited	Quality RO Industries Limited, a company incorporated in India under the Companies Act 2013 having its Registered office at Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara - 391243, Gujarat, India.
“we”, “us” and “our”	Unless the context otherwise indicates or implies, refers to our Company
“you”, “your” or “yours”	Prospective investors in this Issue

#### **Company related terms**

<b>Term</b>	<b>Description</b>
AOA / Articles / Articles of Association	Articles of Association of Quality RO Industries Limited as amended from time to time.
Audit Committee	The Audit Committee of our Board constituted in accordance with Section 177 of the Companies Act, 2013.
Auditors/ Statutory Auditor / Peer Review Auditor	The Auditor of Quality RO Industries Limited Being M/s A Y & Company, Chartered Accountants.
Bankers to the Company	[•]
Board of Directors / the Board / our Board	The Board of Directors of our Company, including all duly constituted Committees thereof. For further details of our Directors, please refer to chapter titled “Our Management” beginning on page 100 of this Draft Prospectus.
Chairman/ Chairperson	The Chairman/ Chairperson of Board of Directors of our Company being Mr. Vivek Dholiya.
CIN	Corporate Identification Number of our Company i.e. U29308GJ2021PLC126004
Chief Financial Officer/CFO	The Chief Financial Officer of our Company being Mrs. Beena Varun Koshiya
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company being Mr. Narendra Gupta
DIN	Directors Identification Number.
Director(s) / our Directors	The Director(s) of our Company, unless otherwise specified.
Equity Shares	Equity Shares of the Company of Face Value of Rs.10/- each unless otherwise specified in the context thereof.
Equity Shareholders	Persons/ Entities holding Equity Shares of Our Company.
Executive Directors	Executive Directors are the Managing Director & Whole Time Directors of our Company.
Group Companies	Companies with which there were related party transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards, and also other companies as considered material by our Board of the issuer as disclosed in “Information with respect to Group Companies” on page 159 of this Draft Prospectus.



Independent Director	A non-executive & Independent Director as per the Companies Act, 2013 and the Listing Regulations.
ISIN	International Securities Identification Number. In this case being [●]
Key Management Personnel/ KMP	Key Management Personnel of our Company in terms of the SEBI Regulations and the Companies Act, 2013. For details, see chapter entitled “Our Management” on page 100 of this Draft Prospectus.
Materiality Policy	The policy on identification of group companies, material creditors and material litigation, adopted by our Board on December 15, 2021, in accordance with the requirements of the SEBI ICDR Regulations.
MD or Managing Director	The Managing Director of our Company being Mr. Vivek Dholiya.
MOA / Memorandum / Memorandum of Association	Memorandum of Association of Quality RO Industries Limited as amended from time to time.
Non Residents	A person resident outside India, as defined under FEMA Regulations, 2000
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations.
Non-Executive Director	A Director not being an Executive Director or an Independent Director
Promoter(s)	Shall mean promoter of our Company i.e. Mr. Vivek Dholiya. For further details, please refer to chapter titled “Our Promoter and Promoter Group” beginning on page 113 of this Draft Prospectus.
Promoter Group	Includes such Persons and entities constituting our promoter group covered under Regulation 2(1)(pp) of the SEBI ICDR Regulations as enlisted in the chapter titled “Our Promoter and Promoter Group” beginning on page 113 of this Draft Prospectus.
Registered Office	Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara - 391243, Gujarat, India.
Restated Financial Information	The restated audited financial information of the Company, which comprises of the restated audited balance sheet, the restated audited profit and loss information and restated audited cash flow information for the period ended on November 30, 2021.
RoC/ Registrar of Companies	Registrar of Companies, Ahmedabad.
Shareholders	Shareholders of our Company
Stock Exchange/ BSE SME	SME Platform of BSE Limited.
Subscriber to MOA/Initial Promoters	Initial Subscriber to MOA & AOA being Mr. Vivek Dholiya and Mrs. Damini Dholiya.
Stakeholders Relationship Committee	The Stakeholder’s relationship committee of our Board constituted in accordance with section 178(5) of the Companies Act, 2013.

## ISSUE RELATED TERMS

Terms	Description
Abridged Prospectus	Abridged Prospectus to be issued under Regulation 255 of SEBI ICDR Regulations and appended to the Application Form
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application.
Allotment/Allot/Allotted	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue to the successful applicants.
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchanges
Allottee (s)	The successful applicant to whom the Equity Shares are being / have been issued.
Applicant/ Investor	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus.
Application Amount	The amount at which the Applicant makes an application for the Equity Shares of our Company in terms of Draft Prospectus.
Application Form	The form in terms of which the Applicant shall make a Application, including ASBA Form, and which shall be considered as the application for the Allotment pursuant to the terms of this Draft Prospectus.
ASBA Account	A bank account linked with or without UPI ID, maintained with an SCSB and specified in the ASBA Form submitted by the Applicants for blocking the Application Amount mentioned in the ASBA Form.



Terms	Description
ASBA Applicant(s)/ Applicant	Any prospective investor who makes an Application pursuant to the terms of the draft Prospectus and the Application Form including through UPI mode (as applicable).
ASBA Form	An application form, whether physical or electronic, used by ASBA Applicants, which will be considered as the application for Allotment in terms of the Draft Prospectus.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Application Forms i.e. Designated SCSB Branch for SCSBs, Specified Locations for members of the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Bankers to the Issue	Banks which are clearing members and registered with SEBI as Bankers to an Issue and with whom the Public Issue Account will be opened, in this case being [●]
Banker to the Issue and Sponsor Bank Agreement	Agreement dated [●] entered into amongst the Company, Lead Manager, the Registrar and the Banker to the Issue and Sponsor Bank to receive monies from the Applicants through the SCSBs Bank Account on the Designated Date in the Escrow Account.
Basis of Allotment	The basis on which the Equity Shares will be Allotted, described in “Issue Procedure” on page 178 of this Draft Prospectus.
Broker Centers	Broker centers notified by the Stock Exchanges where investors can submit the Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchange.
BSE SME	SME Platform of BSE Limited
Business Day	Monday to Friday (except public holidays).
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.
Circular's on streamlining of Public Issue	Circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 amended by circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (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 and any subsequent circulars issued by SEBI in this regard.
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
Controlling Branches of the SCSBs	Such Branches of the SCSBs which co-ordinate Applications by the Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, name of the applicant father/husband, investor status, occupation and Bank Account details.
Depository / 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 NSDL and CDSL.
Designated Date	The date on which relevant amounts are transferred from the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIIs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, in terms of the Prospectus following which Equity Shares will be Allotted in the Issue..
Designated Intermediaries / Collecting Agent	In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Application Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIIs where the Application Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean syndicate members, sub-syndicate members, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted





Terms	Description
	by QIBs and NIBs, Designated Intermediaries shall mean SCSBs, syndicate members, sub-syndicate members, Registered Brokers, CDPs and RTAs.
Designated CDP Locations	Such locations of the CDPs where Applicants can submit the Application Forms and in case of RIIs only ASBA Forms with UPI. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange.
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange.
Designated Market Maker	[●] will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIIs where the Application Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> . Intermediaries or at such other website as may be prescribed by SEBI from time to time.
Designated Market Maker	[●] will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Designated Stock Exchange	BSE Limited (SME Exchange of BSE Limited i.e. BSE SME).
DP ID	Depository Participant's Identity Number
Draft Prospectus	Draft prospectus dated December 23, 2021 issued in accordance with Section 23, 26 and 32 of the Companies Act, 2013 and SEBI ICDR Regulation.
Eligible NRI	A Non-Resident Indian in a jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft 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 Issue 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.
First Applicant	Applicant whose name shall be mentioned in the 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.
Fresh Issue	The Fresh Issue of upto 5,30,000 Equity Shares by our Company having face value of Rs.10/- each at a price of Rs. [●] per equity share aggregating to Rs. [●] Lakhs, to be issued by our Company for subscription pursuant to the terms of this Draft Prospectus..
Fresh Issue Proceeds	The proceeds of the Fresh Issue as stipulated by the Company. For further information about use of the Fresh Issue Proceeds please see the chapter titled "Objects of the Issue" beginning on Page No. 58 of this Draft Prospectus.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offender Act, 2018.
General Information Document / GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, as amended by SEBI from time to time and the UPI Circulars. The General Information Document shall be available on the websites of the Stock Exchange and the LM.
Issue Agreement	The Issue Agreement amongst our Company and the Lead Manager dated December 15, 2021.
Issue Proceeds	The proceeds of the Issue as stipulated by the Company. For further information about use of the Issue Proceeds please refer the chapter titled "Objects of the Issue" beginning on Page No. 58 of this Draft Prospectus.



Terms	Description
Issue/ Issue Size / Public Issue/ IPO	This Initial Public Issue of upto 5,30,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lakhs by our Company.
Issue Closing date	The date after which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers will not accept any Application for this Issue, which shall be notified in English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●]
Issue Opening date	The date on which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers shall start accepting Application for this Issue, which shall be the date notified in an English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●]
Issue Price	The price at which the Equity Shares are being issued by our Company in consultation with the Lead Manager under this Draft Prospectus being Rs. [●] per share.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.
LM / Lead Manager	Lead Manager to the Issue, in this case being Shreni Shares Private Limited.
Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and BSE Limited.
Lot Size	The Market lot and Trading lot for the Equity Share is [●] and in multiples of [●] thereafter; subject to a minimum allotment of [●] Equity Shares to the successful applicants.
Market Maker	Market Maker of the Company, in this case being [●]
Market Maker Reservation Portion	The Reserved portion of upto [●] Equity shares of Rs. 10/- each at an Issue Price of Rs. [●] aggregating to Rs. [●] lakhs for Designated Market Maker in the Public Issue of our Company.
Market Making Agreement	The Agreement among the Market Maker, the Lead Manager and our Company dated [●].
Mobile App(s)	The mobile applications listed on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as may be updated from time to time, which may be used by RIIs to submit Applications using the UPI Mechanism.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Net Issue	The Issue less the Market Maker reservation portion
Non-Institutional Applicant / Investors	All Applicants, including Eligible FPIs, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than Rs. 2,00,000 (but not including NRIs other than Eligible NRIs, OFIs other than eligible QFIs).
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI.
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	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue.
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.
Prospectus	The Prospectus, to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 containing, inter alia, the Issue opening and closing dates and other information.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date.





Terms	Description
Qualified Institutional Buyers / QIBs	Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Registrar Agreement	The agreement dated December 15, 2021 among our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Registrar and Share Transfer Agents/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 Issue/ RTA/ RTI	Registrar to the Issue being Skyline Financial Services Private Limited
Retail Individual Investors	Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than Rs. 2,00,000
Registered Broker	Individuals or companies registered with SEBI as “Trading Members”(except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges ,through which investors can buy or sell securities listed on stock exchanges, a list of which is available on <a href="http://www.bseindia.com/members/MembershipDirectory.aspx">www.bseindia.com/members/MembershipDirectory.aspx</a>
Revision Form	Form used by the Applicants to modify the quantity of the Equity Shares or the Applicant Amount in any of their ASBA Form(s) or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Applications (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Applicants can revise their Application during the Issue Period and withdraw their Applications until Issue Closing Date.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014
Securities Law	The Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made there under and the general or special orders, guidelines or circulars made or issued by the Board there under and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed there under, which are administered by the Board
Self-Certified Syndicate Bank(s) / SCSBs	The banks registered with SEBI, offering services, in relation to ASBA where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or such other website as updated from time to time, and in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
SME Exchange	A trading platform of a recognized stock exchange having nationwide trading terminals permitted by SEBI to list the specified securities issued in accordance with the SEBI ICDR Regulations and includes stock exchange granted recognition for this purpose but does not include the Main Board.
SME Platform of BSE	The SME platform of BSE Limited, approved by SEBI as an SME Exchange for listing of equity shares issued under Chapter IX of the SEBI ICDR Regulations
Sponsor Bank	A Banker to the Issue which is registered with SEBI and is eligible to act as a Sponsor Bank in a public issue in terms of applicable SEBI requirements and has been appointed by the Company, in consultation with the LM to act as a conduit between the Stock Exchanges and NPCI to push the UPI Mandate Request in respect of RIIs as per the UPI Mechanism, in this case being [●].
TRS / Transaction Registration Slip	The slip or document issued by a member of the Syndicate or an SCSB (only on demand), as the case may be, to the Applicant, as proof of registration of the Application.
Underwriter(s)	[●]
Underwriting Agreement	The Agreement among the Underwriter(s) and our Company dated [●].
US GAAP	Generally accepted accounting principal (United states)



Terms	Description
“Unified Payments Interface” or “UPI”	The instant payment system developed by the National Payments Corporation of India (NPCI).
UPI Circulars	The 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, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 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 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI).
UPI Mandate Request	A request (intimating the RII by way of a notification on the UPI application and by way of a SMS directing the RII to such UPI application) to the RII initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Application Amount and subsequent debit of funds in case of Allotment.
UPI mechanism	The bidding mechanism that may be used by an RII to make an Application in the Issue in accordance with UPI circulars.
UPI PIN	Password to authenticate UPI transaction
U.S. Securities Act	U.S. Securities Act of 1933, as amended
Working Day	In accordance with Regulation 2(1)(mmm) of SEBI ICDR Regulation, working day means all days on which commercial banks in the city as specified in the Draft Prospectus are open for business: 1. However, in respect of announcement of price band and Issue Period, working day shall mean all days, excluding Saturday, Sundays and Public holidays, on which commercial banks in the city as notified in this Draft Prospectus are open for business. 2. In respect to the time period between the Issue closing date and the listing of the specified securities on the stock exchange, working day shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holiday in accordance with circular issued by SEBI.

## INDUSTRY RELATED TERMS

Term	Full Form
CAGR	Compound annual growth rate
FRP	Fiberglass Reinforce Plastic
GDP	Gross Domestic Product
Gm	Gram
PEB	pre-engineered building
PGM	Probabilistic Graphical Model
pH	Potential of Hydrogen
POU	Point of Use
PVC	Poly Vinyl Chloride
RO	Reverse Osmosis
TDS	Total Dissolved Solid
UF	Ultra Filtration
UV	Ultra Violet

## CONVENTIONAL TERMS / ABBREVIATIONS

Abbreviation	Full Form
AS / Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
ACS	Associate Company Secretary



Abbreviation	Full Form
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
BBA	Bachelor of Business Administration
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
BSE SENSEX	Sensex in an index; market indicator of the position of stock that is listed in the BSE
BSE SME	SME Platform of BSE Limited
Banking Regulation Act	The Banking Regulation Act, 1949
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
Category I Alternate Investment Fund / Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I Foreign Portfolio Investor(s) / Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II Alternate Investment Fund / Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II Foreign Portfolio Investor(s) / Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III Alternate Investment Fund / Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CA	Chartered Accountant
CB	Controlling Branch
CDSL	Central Depository Services (India) Limited
CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CS	Company Secretary
CSR	Corporate social responsibility.
CS & CO	Company Secretary & Compliance Officer
CFO	Chief Financial Officer
CENVAT	Central Value Added Tax
CIBIL	Credit Information Bureau (India) Limited
CST	Central Sales Tax
COVID – 19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CWA/ICWA	Cost and Works Accountant
CMD	Chairman and Managing Director
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections



Abbreviation	Full Form
	which have not yet been replaced by the Companies Act, 2013 through any official notification
Depository or Depositories	NSDL and CDSL.
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 & Amortisation
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
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
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
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 Investors as defined under the SEBI FPI Regulations.
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.
FV	Face Value
GoI/Government	Government of India
GDP	Gross Domestic Product
GAAP	Generally Accepted Accounting Principles in India
GST	Goods and Service Tax
GVA	Gross Value Added
HNI	High Net Worth Individual
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
ICAI (Previously known as ICWAI)	The Institute of Cost Accountants of India
IMF	International Monetary Fund
INR / ₹/ Rupees/Rs.	Indian Rupees, the legal currency of the Republic of India
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
i.e	That is
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



Abbreviation	Full Form
IRDA	Insurance Regulatory and Development Authority
KMP	Key Managerial Personnel
LM	Lead Manager
Ltd.	Limited
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MoF	Ministry of Finance, Government of India
M-o-M	Month-On-Month
MOU	Memorandum of Understanding
M. A	Master of Arts
M. B. A	Master of Business Administration
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
MRP	Maximum Retail Price
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MAPIN	Market Participants and Investors Database
MSMEs	Micro, Small and medium Enterprises
MoA	Memorandum of Association
NA	Not Applicable
Networth	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
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
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	Overseas Corporate Bodies
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt.	Private
RBI	The Reserve Bank of India
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
SCSB	Self Certified Syndicate Banks





Abbreviation	Full Form
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended from time to time
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, 2019, 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 ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed by the SEBI AIF Regulations, as amended
SICA	Sick Industrial Companies (Special provisions) Act, 1985, as amended from time to time
SME	Small and Medium Enterprises
STT	Securities Transaction Tax
Sec.	Section
SPV	Special Purpose Vehicle
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TAN	Tax Deduction Account Number
TDS	Tax Deducted at Source
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
US/United States	United States of America
UPI	Unified Payments Interface as a payment mechanism through National Payments Corporation of India with Application Supported by Block Amount for applications in public issues by retail individual investors through SCSBs
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VCF / Venture Capital Fund	Foreign Venture Capital Funds as defined under the SEBI AIF Regulations
VAT	Value Added Tax
w.e.f.	With effect from
WIP	Work in process
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of regulation 2(1)(III) of the SEBI ICDR Regulations
YoY	Year over Year

The words and expressions used but not defined in this Draft Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in “Description of Equity Shares and Terms of the Articles of Association”, “Statement of Special Tax Benefits”, “Industry Overview”, “Regulations and Policies”, “Financial Information of our Company”, “Outstanding Litigations and Material Developments” and “Issue Procedure”, will have the meaning ascribed to such terms in these respective sections.



## **CERTAIN CONVENTIONS: PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

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

In this Draft Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Quality RO Industries Limited”, “QRIL”, and, unless the context otherwise indicates or implies, refers to Quality RO Industries Limited. In this Draft 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 Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

### **Use of Financial Data**

Unless stated otherwise, throughout this Draft Prospectus, all figures have been expressed in Rupees and Lakh. Unless stated otherwise, the financial data in the Draft Prospectus is derived from our financial statements prepared and restated for the period ended on November 30, 2021 in accordance with Indian GAAP, the Companies Act and SEBI ICDR Regulations included under Section titled “Financial Information of our company” beginning on page 118 of this Draft Prospectus. Our Company does not have any subsidiary, accordingly financial information relating to us is presented on Standalone basis only. Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

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 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 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”, “Business Overview”, “Management’s Discussion & Analysis of Financial Condition & Results of Operations” and elsewhere in the Draft Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI ICDR Regulations, as stated in the report of our Peer Review Auditor, set out in section titled “Financial Information of our company” beginning on page 118 of this Draft Prospectus.

For additional definitions used in this Draft Prospectus, see the section “Definitions and Abbreviations” on page 01 of this Draft Prospectus. In the section titled “Description of Equity Shares and Terms of the Articles of Association”, on page 201 of the Draft Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

### **Currency and Units of Presentation**

All references to:

- “Rupees” or “INR” or “Rs.” or “₹” are to Indian Rupee, the official currency of the Republic of India; and
- “USD” or “US\$” are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Prospectus in “Lakhs” units. One Lakh represents 1,00,000. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Financial Statements in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal place.

### **Definitions**

For definitions, please refer the Chapter titled “Definitions and Abbreviations” on Page No. 01 of this Draft Prospectus. In the Section titled “Description of Equity Shares and Terms of the Articles of Association” beginning on Page No. 201 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.



### **Use of Industry & Market Data**

Unless stated otherwise, industry and market data and forecast used throughout the Draft 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 Prospectus is reliable, it has not been independently verified by us or the LM 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, the chapter titled “Basis for Issue Price” on page 64 of the Draft Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the LM, have independently verified such information.



## **FORWARD LOOKING STATEMENTS**

All statements contained in this Draft Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Draft Prospectus regarding matters that are not historical facts. Investors can generally identify forward-looking statements by the use of terminology such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “contemplate”, “future”, “goal”, “propose”, “will likely result”, “will seek to” or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions and 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.

Further the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the real estate industry in India where we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and overseas which have an impact on our business activities or investments, the monetary and fiscal policies of India and other jurisdictions in which we operate, inflation, deflation, unanticipated volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Other important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
2. Changes in laws and regulations relating to the sectors/areas in which we operate
3. Destruction in our Manufacturing facility;
4. Increased competition in our industry
5. Our ability to successfully implement our growth strategy and expansion plans;
6. Our ability to meet our further capital expenditure requirements;
7. Fluctuations in operating costs;
8. Our ability to attract and retain qualified personnel;
9. Conflict of Interest with affiliated companies, the promoter group and other related parties
10. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
11. Changes in government policies and regulatory actions that apply to or affect our business.
12. Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
13. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
14. The occurrence of natural disasters or calamities;
15. Our inability to maintain or enhance our brand recognition;
16. Inability to adequately protect our trademarks and
17. Changes in consumer demand.
18. Other factors beyond our control; and
19. Our ability to manage risks that arise from these factors.

For further discussion of factors that could cause our actual results to differ, see the Section titled "Risk Factors"; “Business Overview” & and "Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 19, 78 & 142 respectively of the Draft 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, our Directors, our Officers, Lead Manager and 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 Lead Manager 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 Issue.





## **SECTION II: OFFER DOCUMENT SUMMARY**

### **A. PRIMARY DETAIL OF BUSINESS AND INDUSTRY**

#### **Summary of Business**

Our company is engaged in the business of manufacturing, marketing and supplying components for water purifiers and softener equipment. These water purifiers parts have been designed to make a proper fitting for RO Plants and Systems of different varieties, as we produce strictly according to industry standards. Our manufacturing facility enables us to design quality and precise product line in bulk quantities.

For further details, please refer chapter titled “Business Overview” beginning on Page no. 78 of this Draft Prospectus.

#### **Summary of Industry**

India’s gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22. The manufacturing GVA at current prices was estimated at US\$ 97.41 billion in the first quarter of FY22. India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country.

For further details, please refer chapter titled “Industry Overview” beginning on Page no. 70 of this Draft Prospectus.

### **B. OUR PROMOTER**

Our company is promoted by Mr. Vivek Dholiya.

### **C. SIZE OF THE ISSUE**

Public Issue of upto 5,30,000 Equity Shares of Face Value of ₹10/- each of Quality RO Industries Limited (“QRIL” or “Our Company”) for Cash at a Price of Rs. [●] Per Equity Share (Including a Share Premium of Rs. [●] per Equity Share) (“Issue Price”) aggregating to Rs. [●] Lakhs, of which [●] Equity Shares of Face Value of ₹ 10/- each at a price of Rs. [●] aggregating to Rs. [●] Lakhs will be reserved for subscription by Market Maker (“Market Maker Reservation Portion”) and Net Issue to Public of [●] Equity Shares of Face Value of ₹10/- each at a price of Rs. [●] aggregating to Rs. [●] Lakhs (hereinafter referred to as the “Net Issue”) The Issue and the Net Issue will constitute [●] and [●] respectively of the Post Issue paid up Equity Share Capital of Our Company.

### **D. OBJECT OF THE ISSUE**

The fund requirements for each of the Object of the Issue are stated as below:

S. No.	Particulars	Amt. (₹ in Lakhs)	% of Total Issue Size
1.	To Meet the Capital Expenditure Requirements	[●]	[●]
2.	To Meet the Incremental Working Capital Requirements	[●]	[●]
3.	General Corporate Expenses <sup>1</sup>	[●]	[●]
4.	Public Issue Expenses	[●]	[●]
<b>Gross Issue Proceeds</b>		[●]	[●]
<b>Less: Issue Expenses</b>		[●]	
<b>Net Issue Proceeds</b>		[●]	

<sup>1</sup> The amount shall not exceed 25% of the Gross Proceeds.

For further details, see “Objects of the Issue” beginning on page 58 of the Draft Prospectus.

### **E. PRE-ISSUE SHAREHOLDING OF OUR PROMOTER AND PROMOTER GROUP AS A PERCENTAGE OF THE PAID-UP SHARE CAPITAL OF THE COMPANY**

S. No	Names	Pre Issue		Post Issue	
		Shares Held	% Shares Held	Shares Held	% Shares Held



	Promoter				
1.	Mr. Vivek Dholiya	11,06,000	79.00	11,06,000	[•]
	<b>TOTAL (A)</b>	<b>11,06,000</b>	<b>79.00</b>	<b>11,06,000</b>	[•]
	Promoter Group				
1.	Mrs. Damini Dholiya	69,790	4.99	69,790	[•]
2.	Mr. Vinubhai A Dholiya	70	0.01	70	[•]
	<b>TOTAL (B)</b>	<b>69,860</b>	<b>5.00</b>	<b>69,860</b>	[•]
	<b>GRAND TOTAL (A+B)</b>	<b>11,75,860</b>	<b>84.00</b>	<b>11,75,860</b>	[•]

For further details refer Section titled “Capital Structure” beginning on page no. 47 of this Draft Prospectus.

## F. SUMMARY OF RESTATED FINANCIAL STATEMENT

### Restated Financials

(Amount in Lakhs)

Particulars	For the stub period ended November 30, 2021
Share Capital	140.00
Net Worth	158.27
Total Revenue	16.78
Profit after Tax	1.47
Earnings Per Share	0.11
Net Asset Value Per Share (₹)	11.31
Total Borrowings	52.85

G. There are no material Auditor’s Qualifications in any of the Financial Statements of the Company.

## H. SUMMARY OF OUTSTANDING LITIGATION ARE AS FOLLOWS:

Nature of Cases	No of Outstanding Cases	Amount involved (In Lakhs)
<b>Litigation filed by against Company, Subsidiary, Directors and Promoters</b>		
Criminal Complaints	--	--
Statutory/ Regulatory Authorities	1	Not Ascertainable
Tax Proceedings (Outstanding Demand)	1	Not Ascertainable
Other Litigation	--	--

For further information, please refer chapter titled “Outstanding Litigations and Material Developments” on page no. 153 of this Draft Prospectus.

I. Investors should read chapter titled “Risk Factors” beginning on page no. 19 of this Draft Prospectus to get a more informed view before making any investment decisions.

## J. SUMMARY OF CONTINGENT LIABILITIES

There is no contingent Liabilities as on November 30, 2021. For further information, please refer “Annexure H - Contingent Liability” under chapter titled “Restated Financial Statements” on page no. 118 of this Draft Prospectus.

## K. SUMMARY OF RELATED PARTY TRANSACTIONS

List of Related Parties and Nature of Relationship:

Particulars	Name of Related Parties
a) Key Management Personnel's	Vivek Dholiya
	Damini Dholiya
	Mrs. Beena Varun Koshiya
	Mr. Narendra Gupta
b) Associate Concern	Jay Ambe Trading Co. (Proprietorship of KMP's Mother)
	Om Sai Transport (Partnership Firm of KMP)



**Note:** The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

**Transactions carried out with related parties referred to in (1) above, in ordinary course of business:**

(Rs. In Lakhs)

Nature of Transactions	Name of Related Parties	As at 30 Nov
		2021
Unsecured Loans	<b>Jay Ambe Trading Co.</b>	
	Opening Balance	-
	Loan Received during the period	0.28
	Loan paid during the period	-
	Closing Balance	0.28
Advance from Customer	Om Sai Transport	4.76
<b>Note :</b> The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.		

**Closing Balances with related parties referred to in (1) above, in ordinary course of business:**

(Rs. In Lakhs)

Payable/Receivable	Name of Related Parties	As at 30 Nov
		2021
Payable	Jay Ambe Trading Co.	0.28
	Om Sai Transport	4.76
<b>Note :</b> The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.		

For details of related party transaction, please refer “Annexure J – Related Party Transaction” beginning on page no. 138 of this Draft Prospectus.

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

**M.** The weighted average price of acquisition of Equity Shares by our Promoter in last one year is:

Name of the Promoter	No. of Shares held	Weighted Average Cost of Acquisition per Share (In Rs.)*
Mr. Vivek Dholiya	11,06,000	11.13

Our Promoter has acquired Equity Shares in last year. For further details, refer section titled “Capital Structure” beginning on page no. 47 of this Draft Prospectus.

**N.** The average cost of acquisition of Equity Shares by our Promoter is:

Name of the Promoter	No. of Shares held	Average Cost of Acquisition per Share (In Rs.)*
Mr. Vivek Dholiya	11,06,000	11.13

\*Average cost of acquisition is calculated on the basis of face value of equity shares of Rs. 10/- each.

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

**P.** Except as disclosed in section titled “Capital Structure” beginning on Page 47 of Draft Prospectus, our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Prospectus.

**Q.** Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Prospectus.



### **SECTION III - RISK FACTORS**

*An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a better understanding, you should read this chapter together with "Business Overview" and "Management's Discussion & Analysis of Financial Condition & Results of Operations" on pages 78 and 142., respectively, as well as the other financial and statistical information contained in this Draft Prospectus. The risks and uncertainties described in this section are not the only risks that we may face. Additional risks and uncertainties not known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations, financial condition and prospects.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our cash flows, business, financial condition and results of operations could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risks where the impact is not quantifiable and hence the same has not been disclosed in such risk factors. Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. Before making an investment decision, investors must rely on their own examination of the Issue and us.*

*This Draft 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 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 Issue, including the merits and the risks involved. You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.*

*In this Draft 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 19 and "Management's Discussion & Analysis of Financial Condition & Results of Operations" on page 142 respectively of this Draft Prospectus unless otherwise indicated, has been calculated on the basis of the amount disclosed in the "Financial Information of our Company" prepared in accordance with the Indian Accounting Standards.*

#### **Materiality**

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

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

#### **INTERNAL RISK FACTORS**

- 1. Our Company has been formed specifically for the purpose of acquisition of the business of M/s Quality RO Products (Proprietorship firm of our Promoter) thus we have limited operating history as a Company which may make it difficult for investors to evaluate our historical performance or future prospects.***

Our Company was originally incorporated as a private limited Company under the Companies Act, 2013 with Registrar of Companies, Central Registration Centre through a certificate of incorporation dated September 30, 2021. After incorporation, ccompany has taken-over the running business of Proprietorship firm of our Promoter i.e. M/s Quality RO Products for expansion of the business of Company. We have very limited operating history from which one can evaluate our business, future prospects and viability. Our future revenues and profitability are difficult to estimate and could fluctuate significantly and as a result the price of our Equity Shares may be volatile.

Further our business prospects must be considered in light of the risks and uncertainties in respect of manufacturing of RO Products. The business of manufacturing of RO Products was earlier carried by proprietorship firm which is recently taken



over by our Company, although the proprietorship has placed the growth in past years, and will continue to place by our Company but there is no assurance that this growth will be met successfully in future. We may not be able to increase revenue or maintain profitability on a half year or an annual basis. If this occurs, our results of operations and financial condition will be adversely affected. Our growth exposes us to a wide range of increased risks. It will also place significant demands on our management, financial and other resources and will require us to continuously develop and improve our operational, financial and internal controls.

There can be no assurance that we will be able to successfully pursue our growth strategies, or that pursuing these strategies will provide us the anticipated benefits in terms of growth and profitability. Further, we may be unable to develop adequate systems, infrastructure and technologies, devote sufficient financial resources or develop and attract talent to manage our growth. Our inability to pursue our growth strategies successfully or at all, or an inability to manage our growth, may adversely affect our prospects.

For further details, see the chapter titled “History and Certain Corporate Matters” and “Restated Financial Statements” on page 96 and 118 respectively of the Draft Prospectus.

***2. We rely on suppliers for raw materials for manufacturing of products. In the event of disruption in supply of raw materials, our business, results of operations and financial condition may be adversely affected.***

We rely on suppliers for raw materials. In the event that there are any delays or disruptions in the supply of raw materials from our suppliers, our ability to deliver the products may be affected. Any of our supplier’s failure to adhere to agreed timelines, whether due to their inability to comply with, or obtain, regulatory approvals, or otherwise, may result in delays and disruptions to our sales, increased costs, delayed payments for our products and damage to our reputation leading to an adverse effect on our results of operations. In the event these our suppliers for raw materials cease to be available to us at terms acceptable to us or we experience problems with, or interruptions in, such supplies, and we are unable to find other suppliers to provide similar raw materials on comparable terms and on a timely basis, our operations may be disrupted and our results of operations and financial condition may be adversely affected.

For further details of our business, please refer chapter titled “Business Overview” beginning on Page 78 of this Draft Prospectus.

***3. Failure to manage our inventory could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

The results of operations of our business are dependent on our ability to effectively manage our inventory and stocks of raw materials. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If our management has misjudged expected customer demand it could adversely impact the results by causing either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we purchase, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, which could have an adverse impact on our income and cash flows. We estimate our sales based on the demand and requirements and also on the customer specifications.

Natural disasters such as earthquakes, extreme climatic or weather conditions such as floods or droughts may adversely impact the supply of raw materials and local transportation. Should our supply of raw materials be disrupted, we may not be able to procure an alternate source of supply in time to meet the demands of our customers, or we may not be able to procure raw materials of equal quality or on equally competitive terms, or at all. Such disruption to supply would materially and adversely affect our business, profitability and reputation.

In addition, disruptions to the delivery of raw materials may occur for reasons such as poor handling, transportation bottlenecks, or labour strikes, which could lead to delayed or lost deliveries or damaged products and disrupt supply of these products. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively. If we over-stock inventory, our capital requirements will increase and we will incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation.

For further details of our business, please refer chapter titled “Business Overview” beginning on Page 78 of this Draft Prospectus.





**4. *Heavy dependence on our Promoter for the continued success of our business through his continuing services, strategic guidance and support.***

We are heavily dependent upon the continued services of our Promoter, along with support of our management team for the continuous success and growth of our organization. Our promoter Mr. Vivek Dholiya is responsible for the execution of our day-to-day business affairs. Also prior to the incorporation and acquisition of the business he was running the same business under his proprietorship concern which have been acquired by our Company. The loss of our Promoter or failure to recruit suitable or comparable replacements could have an adverse effect on our business operations and growth strategies.

For Details of our Promoter, please refer chapter titled “Our Promoter and Promoter Group” beginning on Page 113 of this Draft Prospectus.

**5. *Our operating results could be adversely affected by weakening of economic conditions due to previous lock-down in all parts of India and other parts of world & other situation due to pandemic covid-19.***

Our overall performance depends in part on the economic conditions of India. Certain economies have experienced periods of downturn due to the present situation prevailing in India and outside India due to pandemic disease of Covid-19 which impact financial markets, concerns regarding the stability and viability of major financial institutions, declines in gross domestic product, and increases in unemployment and volatility in commodity prices and worldwide stock markets, and excessive government debt. The pandemic disease has adversely affected the business.

Moreover, the instability in the global economy affects countries in different ways, at different times and with varying severity, which makes the impact to our business unforeseeable and indeterminate. Any of these events, as well as a general weakening of, or declining corporate confidence in the global economy, or a curtailment in government or customer spending could delay or decrease our revenues and therefore have a material adverse effect on our business, operating results and financial condition.

**6. *The shortage or non-availability of power may adversely affect our manufacturing process and have an adverse impact on our results of operations and financial condition. We are further exposed to fluctuations in the prices of power an inability to pass on increased costs may adversely affect our profitability.***

Our manufacturing process requires substantial amount of power facilities. The quantum and nature of power and fuel requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high. We source the power requirements for our manufacturing facilities mainly from state electricity boards. We are exposed to fluctuations in prices of power.

We intend to install solar power project at our manufacturing facility to battle increased electricity costs, for further details, kindly refer to the chapter titled, “Objects of the Issue”, beginning on page 58 of this Draft Prospectus. Although we generally attempt to pass on increases in energy costs to our customers, our ability to do so is dependent upon the rate of increase, competitive pressures and market conditions for our products. Our inability to pass on any increased costs to the customers, may adversely affect our profitability.

**7. *We require certain approvals or licenses in the ordinary course of business and the failure to renew, obtain or retain them in a timely manner, or at all, may adversely affect our operations.***


We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits for doing our business. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Further due to change in constitution from sole proprietorship to Company, the registration on the name of the firm will be transferred or updated on name of our Company. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business. An inability to obtain or maintain approvals or licenses required for our operations may adversely affect our operations. Also we are in process for applying for Import Export License, Professional Tax and Udyog aadhaar Registration.

For Further details, please see the chapter entitled “Government and other Approvals” on page 157 of this Draft Prospectus.



- 8. *We have not yet applied for the registration of our logo. If we fail to obtain trademark registration our brand building efforts may be hampered which might lead to adverse effect on our business.***



Our Company is currently using the logo  which is not yet registered in the name of our Company neither we have made any application for the registration of the trademark with the respective authorities. If we are unable to get the same registered with the trademark authorities then, Our Company may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks in future could have a material adverse effect on our business and goodwill, which in turn could adversely affect our results of operations. Further the domain use by our Company i.e. [www.qualityro.in](http://www.qualityro.in) is registered on name of our Promoter Mr. Vivek Dholiya and we have entered into the assignment agreement for use of the domain.

For further details, please refer to chapter titled “Government and Other Approvals” on page 157 of this Draft Prospectus.

- 9. *Our Company has acquired sole proprietorship firm of our Promoter I.e. M/s Quality RO Products after its incorporation vide business transfer agreement dated November 02, 2021. Any future acquisition of other businesses could result in operating difficulties, integration issues and other adverse consequences due to our limited past experience in businesses.***

Our Company was originally incorporated on September 30, 2021 as “Quality RO Industries Private Limited” under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from “Quality RO Industries Private Limited” to “Quality RO Industries Limited” vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad. Further, the company has applied or in some cases will apply for the transition or endorsement of the name of the Company on many of the documents, registration, bank account and other documents which are in the name of our Quality RO Products as per the terms of business transfer agreement. Any delay in the said transition may require the company to pay any penalty or refusal from any authority of such transition or endorsement which may affect the financial position and operation of our Company.

Further any future acquisition may not be beneficial to our Company, we may have to pay a certain amount of premium to the outgoing management / shareholders for synergic benefits that we may accrue compared to valuations of those firms / businesses / companies. Our inability to identify suitable acquisition opportunities in the future, or adequately priced acquisitions, entering into agreement with such parties or obtaining the necessary financing to make such acquisitions could adversely affect our future growth.

- 10. *Our Industry has been subjected to newly framed rules called Environment (Protection) 115 Amendment Rules, 2021 and IS Standards and we are supposed to comply with those rules and any other rules and regulations that may be framed by the Ministry of Environment, Forest and Climate Change (MoEF & CC).***

Presently the Industry in which we operate and the products which we manufacture are not subjected to any kind of rules and regulations and we are not required to adhere to any specific quality requirements by way of IS standards. However as per directions of the Hon’ble Supreme Court of India and the National Green Tribunal, the Central Government in consultation of MoEF & CC have framed Environment (Protection) 115 Amendment Rules, 2021 notified on October 04, 2021 for the regulation on appropriate use of Reverse Osmosis (RO) Based Water Purification System.

In accordance with the Rules, the Bureau of Indian Standards (BIS) have framed IS standards (IS 16240:2015) for RO based Point of Use (PoU) Water Treatment System and for providing Type approval for RO based Water Purifiers. Also as per the said Rules, our industry has been subjected to regulation by Central Pollution Control Board and all the operators falling under these rules are required to comply with them within 18 months of their notification. Although we shall ensure to take all steps to comply with the framed rules and proposed regulations and guidelines, any failure on our part to adhere to them including the quality requirements, within the given time frame, may subject us to regulatory actions and penalties. Also it is possible that our failure to meet the quality requirements may require to direct the concerned authority to close our production in which case the wealth of the shareholders may be adversely affected.



**11. Any delay in production at, or shutdown of our manufacturing facilities, could adversely affect our business, results of operations and financial condition.**

Our Company is mainly engaged in manufacturing of RO Products which depends on, among other things, the productivity of our labour force, compliance with regulatory requirements and the continued functioning of our manufacturing processes and machinery. Disruptions in our manufacturing activities could delay production or require us to shut down the affected manufacturing facilities. Such an event will result in us being unable to meet with our contractual commitments, which will have an adverse effect on our business, reputation, results of operation and financial condition.

Additionally, any interruption at our manufacturing facilities, including natural or man-made disasters, workforce disruptions, regulatory approval delays, fire or the failure of machinery, could reduce our ability to meet the demand, which could affect our business prospects, results of operations and financial condition.

For details of business, please refer chapter titled “Business Overview” beginning on Page 78 of this Draft Prospectus.

**12. We are dependent on a number of our key managerial personnel and other senior management, and the loss of or our inability to retain such persons could adversely affect our cash flows, business, results of operations and financial condition.**

Our performance depends largely on the efforts and abilities of our key managerial personnel and other senior management. Their input and experience are invaluable for the development of our business and the operations and the strategic directions taken by us. We cannot assure you that we will be able to retain these key managerial personnel and other senior management or find adequate replacements in timely manner, or at all, should they choose to discontinue their employment with us. We may need a long period of time to hire and train replacement personnel when key managerial personnel and other senior management terminate their employment with us. We believe that competition for qualified managerial personnel with relevant expertise in India is intense due to scarcity of qualified individuals in the industry in which we operate. The retirement or resignation of any of our key managerial personnel may materially and adversely impact our business, results of operations and financial condition.

In addition, we cannot assure you that our relations with our contracted labour shall remain cordial at all times and that contracted labour will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labor disruptions may affect our operations, thereby adversely affecting our business, financial condition and results of operations.

**13. There are outstanding legal proceedings involving our Promoter. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.**

Our Promoters are involved in certain legal proceedings which are pending with regulatory authorities. A summary of the pending civil and other proceedings involving the Promoter is provided below:

**Cases against our Promoter: -**

Nature of Cases	No of Outstanding Cases	Amount involved (In Lakhs)
Criminal Complaints	--	--
Statutory/ Regulatory Authorities	1	Not Ascertainable
Other Litigation - Taxation	1	Not Ascertainable
Other Litigation	--	--

For further details of legal proceedings involving the Company, please see “Outstanding Litigations and Material Developments” beginning on page 153 of this Draft Prospectus

**14. We do not own our key properties which are used by us currently.**

We operate from our registered office and factory i.e. Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India is rented premise for which we have executed lease agreement with our Promoter and Managing Director i.e. Mr. Vivek Dholiya. Also the leave and license agreement is not registered. In case of termination of lease, we will be required to locate new premises for our registered office and factory.

We may not be able to find the same in a timely manner. Further, even if we are able to locate a new premise, they may be on terms not favorable to us or not within the parameters of our requirements. Our inability to identify the new premises may adversely affect the operations and financial conditions of our Company.



For details regarding such tenancy / rented properties, please refer to “Business Overview” on page no. 78 of this Draft Prospectus.

**15. *We have an outstanding indebtedness which includes secured and unsecured loan, which requires significant cash flows to service and are subject to certain conditions and restrictions in terms of our financing arrangements, which restricts our ability to conduct our business and operations in the manner we desire.***

As on November 30, 2021, our secured and unsecured borrowing were Rs. 52.85 Lakhs which was taken over vide Business Transfer Agreement dated November 02, 2021 entered between our Company and Quality RO Products (Proprietorship firm of our Promoter and Managing Director Mr. Vivek Dholiya). However, the secured loan from financial institutions are yet to transfer on name of our Company as per terms of Business Transfer Agreement. If our Company face any issue for transfer of loan on our name may effect the business operations of our Company.

Further we will continue to incur additional indebtedness in the future. Our level of indebtedness has important consequences to us, such as:

- increasing our vulnerability to general adverse economic, industry and competitive conditions;
- limiting our ability to borrow additional amounts in the future;
- affecting our capital adequacy requirements; and
- Increasing our finance costs.

In the event we breach any financial or other covenants contained in any of our financing arrangements or in the event we had breached any terms in the past which is noticed in the future, we may be required to immediately repay our borrowings either in whole or in part, together with any related costs. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, our Company may be unable to pay its debts when they fall due. Also our Company has not received consent and NOC from Banker of our Company for the Proposed Initial Public Offer.

For further details of our Company’s borrowings, see “Financial Information of our Company” on page 118 of this Draft Prospectus.

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

Our Company and Promoter have provided security in respect of loans / facilities availed by us from banks and financial institutions by creating a charge over our movable and immovable properties. The total amounts outstanding and payable by us as secured loans were Rs. 52.57 Lakhs as on November 30, 2021. Also our Managing Director and whole-time Director along with member of Promoter Group has provided personal guarantee for loan available banks and financial institutions. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be subject to forfeiture by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. For further information, please refer section titled “Financial Information of our Company” on page 118 of this Draft Prospectus.

**17. *Any increase in interest rates would have an adverse effect on our results of operations and will expose our Company to interest rate risks.***

We are dependent upon the availability of equity, cash balances and debt financing to fund our operations and growth. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Furthermore, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt and non-fund based facilities could be adversely affected with a concurrent adverse effect on our business, financial condition and results of operations. For further details, please refer chapter titled “Financial Information of our Company” beginning on page 118 of this Draft Prospectus.

**18. *We have been recently incorporated the company and any non-compliance with the provisions of Companies Act, 2013 may attract penalties against our Company which could impact our financial and operational performance and reputation.***

Our Company has been incorporated under Companies Act, 2013 on September 30, 2021 and takeover the running business of Proprietorship firm “Quality RO Products” of our Promoter Mr. Vivek Dholiya on November 02, 2021. Prior to takeover, the provisions of the Companies Act were not applicable to the Proprietorship firm. Further our Company has not yet created the charge in Registrar of Companies in respect of assets mortgage for loan which is on name of Quality RO Products and pending



for transfer on name of our Company as per terms of Business Transfer Agreement dated November 02, 2021 entered for takeover of running business of Proprietorship firm “Quality RO Products” of our Promoter Mr. Vivek Dholiya.

Though our Company will endeavor to take all possible steps comply with the provisions of the Companies Act, but in case of our inability to do so or in case of any delay, we may be subject to penal action from the appropriate authorities which may have an adverse effect on our financial and operational performance and reputation.

***19. If we are not successful in managing our growth, our profitability may decrease and result in adverse impact on our business, results of operations and financial condition.***

A principal component of our strategy is to continuously grow by expanding the size and geographical scope of our businesses. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

***20. We have experienced negative cash flows in the past. Any such negative cash flows in the future could affect our business, results of operations and prospects.***

Our Company had reported certain negative cash flows from our operating, investing activities and financing activities in the previous financial years as per the Restated Financial Statements and the same are summarized as under:

Particulars	For the Period ended November 30, 2021
Cash flow from Operating Activities	(53.69)
Cash flow from Investing Activities	(116.17)
Cash flow from Financing Activities	209.41

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If our Company is not able to generate sufficient cash flows, it may affect our business and financial operations. For further please refer chapter titled “Restated Financial Statements” beginning on Page 118 of this Draft Prospectus.

***21. Our failure to adapt to technological developments or industry trends could affect the performance and features of our products, and reduce our attractiveness to our customers.***

As our operations grow in scope and size, whether through offering of new products or expansion into new markets, we must continuously improve, upgrade, adapt and expand our systems and infrastructure to offer our customers enhanced products, features and functionality ahead of rapidly evolving customer demands, while maintaining the reliability and integrity of our systems and infrastructure in a cost-efficient and competitive manner.

The systems, infrastructure and technologies we currently employ may become obsolete or be unable to support our increased size and scale. Even if we are able to maintain, upgrade or replace our existing systems or innovate or customize and develop new technologies and systems, we may not be as quick or efficient as our competitors in upgrading or replacing our systems. We may be unable to devote adequate financial resources or obtain sufficient financing on commercially acceptable terms in time, or at all, which may have a material adverse effect on our business, prospects, results of operation and financial condition. For further details regarding our business, please refer to chapter titled “Business Overview” beginning on Page 78 of this Draft Prospectus.

***22. The unsecured loan availed by our Company from Promoter group entity may be recalled at any given point of time.***

Our Company has been availing unsecured loans from Promoter group entity. The total outstanding payable to them as on November 30, 2021 amounts to Rs. 0.28 Lakhs. Although there are no terms and condition prescribed for repayment of unsecured loan from our Promoter group entity which can be recalled at any given point of time during ordinary course of business and thus may affect the business operations and financial performance of our Company.

For further details regarding loans availed by our Company, please refer “Financial Information of our Company” on page 118 of this Draft Prospectus.





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

Some part of our business is conducted on purchase order basis, depending on the requirements of the client preferences and demand. We do not have long-term contracts with our customers and there can be no assurance that we will continue to receive repeat orders from any of them. Further, even if we were to continue receiving orders from our clients, there can be no assurance that they will be on the same terms, and the new terms may be less favorable to us than those under the present terms.

In Addition to above, we received orders through online portal from our customer all over in India. The Products of our Company are listed on online portals where any of the prospective customer can place order for the required products. Any disruption in our online listing of products, negative publicity of our products on such portal and any ineffective management of queries and concerns of our customers over the portal may impact the business operations and sales of our Company.

For further details of our business, please refer chapter titled “Business Overview” beginning on Page 78 of this Draft Prospectus.

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

We have entered into certain transactions with related parties such as Promoter Group and may continue to do so in future. These transactions entered into with, amongst others, our Promoters Group typically relate to loans and advances etc. These transactions or any future transactions with our related parties could potentially involve conflicts of interest.

There can be no assurance that we would not have achieved more favorable commercial terms with other parties. Furthermore, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition. For more information, please refer section titled “Financial Information of our Company” beginning on page 118 of this Draft Prospectus.

**25. *If we suffer a large uninsured loss or if we suffer an insured loss that significantly exceeds our insurance coverage, our financial condition and results of operations may be adversely affected.***

Our business, assets and machines, fixtures could suffer damage from fire, natural calamities, misappropriation / burglary or other causes, resulting in losses, which may not be fully compensated by insurance. Also there can be no assurance that the terms of our insurance policies which we will take in future will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are required to renew the insurance policies from time to time and in the event, we fail to renew the insurance policies within the time period prescribed in the respective insurance policies or not obtain at all, we may face significant uninsured losses. If we suffer a large uninsured loss or if any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

**26. *The present promoter and Managing Director of the Company are first generation entrepreneurs.***

Our present Promoter and Managing Director is first generation entrepreneur. His experience in managing and being instrumental in the growth of our Company is limited to the extent of their knowledge and experience and we cannot assure that this will not affect our business growth. Although our Promoter & Managing Director, Vivek Dholiya have experience of around 4 years. For further details of our Director, Please refer chapter titled “Our Management” beginning on Page 100 of Draft Prospectus.

**27. *In addition to normal remuneration, other benefits and reimbursement of expenses some of our directors are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.***

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



For further details of transaction with directors, please refer chapter titled “Financial Information of our Company” beginning on Page 118 of this Draft Prospectus

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

Our Company is mainly engaged in manufacturing industry which attracts tax liability such as Goods and Service Tax, Income Tax and other applicable provision. Also our Company has recently taken over the running business of M/s Quality RO Products, any demand and penalty of the firm in future will impact the financial position of our Company. However, the Company has been complying the applicable regulations but any demand or penalty raised by the concerned authorities in future for our Company and taken over firm will affect the financial position of the Company. For detail, please refer “Outstanding Litigations and Material Development” beginning on page 153 of Draft Prospectus.

***29. We have not independently verified certain data in this Draft Prospectus.***

We have not independently verified data from the industry and related data contained in this Draft Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect 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, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

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

Information relating to the installed manufacturing capacity of our facility included in this Draft Prospectus are based on various assumptions and estimates of our management that have been taken into account by our statutory auditor in the calculation of the installed manufacturing capacity of our manufacturing facility. These assumptions and estimates include the standard capacity calculation practice after examining the equipment installed at the facilities, the period during which the manufacturing facility operated in a year/ period, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. For further information, see “Business Overview” beginning on page 78. Further, the installed capacity, capacity utilization and other related information may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to capacity information that may be computed and presented by other peer companies. Undue reliance should therefore not be placed on our historical installed capacity information for our existing facilities included in this Draft Prospectus.

***31. We are subject to the risk of failure of, or a material weakness in, our internal control systems.***

We are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. The errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. In addition, several of our collection related processes are yet to be fully automated, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material effect on our business, financial condition and results of operations.

***32. If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

We benefit from certain general tax regulations and incentives that accord favorable treatment to certain of our operations as well as for our activities. These tax benefits include income tax deductions and other taxes. For details regarding income tax deductions, please refer to the chapter “Statement of Special Tax Benefits” on page 66 of this Draft Prospectus.

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by the relevant authorities may significantly affect our results of operations. We cannot assure you that we would continue to be



eligible for such lower tax rates or any other benefits. The reduction or termination of our tax incentives, or non-compliance with the conditions under which such tax incentives are made available, will increase our tax liability and affect our business, prospects, results of operations and financial condition.

**33. *Our funds requirements are based on internal management estimates, wherever possible, and have not been appraised by any bank or financial institution. Any increase in the actual deployment of funds may cause an additional burden on our finance plans. We have not entered into definitive agreements to utilize our Issue proceeds.***

The fund requirement mentioned as a part of the Objects of the Issue is based on internal management estimates, wherever possible, and has not been appraised by any bank or financial institution or any external agency. 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, etc. With increase in costs, our actual deployment of funds may exceed our estimates and may cause us an additional burden on our finance plans. As on the date of the Draft Prospectus, we have not entered into any definitive agreements for implementing the Objects of the Issue.

For more information, please refer to “Objects of the Issue” on page 58 of the Draft Prospectus.

**34. *Our Company’s management will have flexibility in utilizing the Net Proceeds from the Issue. The deployment of the Net Proceeds from the Issue is not subject to any monitoring by any independent agency.***

Our Company intends to primarily use the Net Proceeds towards capital expenditure, working capital requirement and for general corporate purposes as described in “Objects of the Issue” on page 58 of this Draft Prospectus. In terms of Regulation 262 of the SEBI ICDR Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of Rs. 100 crores. The management of our Company will have discretion to use the Net Proceeds from the Issue, and investors will be relying on the judgment of our Company’s management regarding the application of the Net Proceeds from the Issue. Our Company may have to revise its management estimates from time to time and consequently its requirements may change.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the Shareholders and our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders of our Company who do not agree to such proposal to vary the objects, in such manner as may be prescribed in future by the SEBI.

Accordingly, prospective investors in the Issue will need to rely upon our management’s judgment with respect to the use of Net Proceeds. If we are unable to enter into arrangements for utilization of Net proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the Issue, our business and financial results may suffer.

**35. *We have not identified any alternate source of raising the funds mentioned as our “Objects of the Issue”. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

Our Company has not identified any alternate source of funding for our capital expenditure, working capital requirement and for general corporate purposes and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds can adversely affect our growth plan and profitability. The delay/shortfall in receiving these proceeds could result in inadequacy of working capital or may require our Company to borrow funds on unfavorable terms, both of which scenarios may affect the business operation and financial performance of the Company. Also our Company has to borrow funds for purchase of machinery.

For further details of our Object, please refer chapter titled “Object for the Issue” beginning on Page 58 of this Draft Prospectus

**36. *The Company is yet to place orders for 100% of the plant & machineries for our proposed object, as specified in the Objects of the Issue. Any delay in placing orders, procurement of plant & machineries may delay our implementation schedule and may also lead to increase in price of these plant & machineries, further affecting our revenue and profitability.***

Although we have identified the type of plant and machineries required to be bought however, we are yet to place orders for 100% of the plant & machinery worth Rs [●] lakhs as detailed in the “Objects of the Issue” beginning on page 58 of this Draft Prospectus. These are based on our estimates and on third-party quotations, which are subject to a number of variables, including possible cost overruns, changes in management’s views of the desirability of current plans, change in supplier of plant & machineries, Equipments among others, which may have an adverse effect on our business and results of operations.



Further, we cannot assure that we would be able to procure these plant and machineries, or procure the same within budgeted costs and timelines. Delays in acquisition of the same could result in the cost and time overrun, which would have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to the chapter titled “Objects of the Issue” beginning on page 58 of this Draft Prospectus.

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

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities may differ from those that would apply to a company in another jurisdiction. Investors may have more difficulty in asserting their rights as shareholders in an Indian company than as shareholder of a corporation in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive as shareholders’ rights under the laws of other jurisdictions. Under the Companies Act, prior to issuance of any new equity shares, a public limited company incorporated under Indian law must offer its equity shareholders pre-emptive rights to subscribe to a proportionate number of equity shares to maintain existing ownership, unless such pre-emptive rights are waived by a special resolution by a three-fourths majority of the equity shareholders voting on such resolution. If you are a foreign investor and the law of the foreign jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such foreign jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interest in our Company would decline.

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “Dividend Policy” on page 117 of this Draft Prospectus.

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

The Issue Price of our Equity Shares has been determined on the basis of the Fixed Price Issue. This price is based on numerous factors. For further information, see “Basis for Issue Price” beginning on page 64 of this Draft Prospectus. This issue price may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price are:

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

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

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the takeover regulations in India, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the Indian takeover regulations.





**41. *The average cost of acquisition of Equity Shares by our Promoter could be lower than the Issue Price.***

Our Promoter average cost of acquisition of Equity Shares in our Company may be lower than the Issue Price as may be decided by the Company, in consultation with the LM. For further details regarding average cost of acquisition of Equity Shares by our Promoter in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the section “Capital Structure” beginning on page 47 of this Draft Prospectus.

**42. *The requirements of being a listed company may strain our resources and distract management.***

We have no experience as a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public that is associated with being a listed company. As a listed company, we will incur additional legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges and compliances of SEBI LODR Regulations which would require us to file audited annual and unaudited semi-annual and limited review reports with respect to our business and financial condition. If we delay making such filings, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

As a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures, internal control over financial reporting and additional compliance requirements under the Companies Act, 2013. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management’s attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

**43. *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 favorable 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 issue 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.

**44. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE Limited (BSE SME) in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuance of Equity Shares to be submitted. There could be a failure or delay in listing the



Equity Shares on the SME Platform of BSE Limited (BSE SME). Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

***45. We have in the last 12 months issued Equity Shares at a price that may be at lower than the Issue Price.***

In the last 12 months we may have issued fresh Equity Shares of our Company which are as follows: -

- Issue of 10,000 Equity shares of Rs. 10 each at par on Incorporation of our Company dated September 30, 2021
- Preferential issue of Equity Shares in consideration of business acquisition of M/s Quality RO Products dated November 02, 2021 issuing 1,40,000 Equity shares of Rs 10 each at a premium of Rs 72.00 per equity share.
- Right Issue of Equity Shares dated November 26, 2021 issuing 50,000 Equity Shares of Rs.10 each at a premium of Rs 72.00 per equity share
- Bonus Issue of 12,00,000 Equity Shares in ratio 6:1 (six equity Shares for each equity share held) on November 29, 2021.

The Equity Shares allotted to investors pursuant to this Issue may be priced significantly higher due to various reasons including better performance by the Company, better economic conditions and passage of time.

For Further details of equity shares issued, please refer to the section titled “Capital Structure” beginning on page 47 of the Draft Prospectus.

***46. We will continue to be controlled by our Promoter and Promoter Group after the listing of the Equity Shares in the Issue.***

Upon successful completion of the Issue, our Promoter and Promoter Group will collectively control, directly or indirectly, approximately [●] of our outstanding Equity Shares (assuming full subscription to the Issue). As a result, our Promoter and Promoter Group will continue to have the ability to exercise significant control over our Company and all matters requiring shareholder approval, including election of directors, our business strategy and policies, and approval of significant corporate transactions such as mergers and business combinations. The extent of their shareholding in our Company may also have the effect of delaying, preventing or deterring a change in control of our Company, even if such a transaction may be beneficial to the other shareholders. The interests of our Promoter and Promoter Group as controlling shareholders of our Company could be in conflict with the interests of our other shareholders. We cannot assure you that our Promoter and Promoter Group will act to resolve any conflicts of interest in favor of our Company or the other shareholders.

For Further details of Capital Buildup, please refer to the section titled “Capital Structure” beginning on page 47 of the Draft Prospectus.

***47. The interests of the Promoters as our controlling shareholder may conflict with the interests of other shareholders.***

Under our Articles of Association, the Promoter, by holding a majority of our Equity Share capital may issue directives with respect to the conduct of our business or our affairs, as defined under the Companies Act. The interests of the Promoters may be different from our interests or the interests of other shareholders. As a result, the Promoter may take actions with respect to our business and the businesses of our peers and competitors. In addition, as a result of our controlling ownership by the Promoters, we are required to adhere to certain restrictions with respect to the types of investments we may make using our cash balances, which may restrict us from entering into certain investments providing a higher rate of return. The Promoter will retain control over the decisions requiring adoption by our shareholders and could exercise its powers of control, delay or defer or initiate a change of control of our Company or a change in our capital structure.

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

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a stock exchange held for more than 12 months may be subject to capital gains tax in India if Securities Transaction Tax (STT) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realized on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax





in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. In addition, changes in the terms of tax treaties or in their interpretation, as a result of renegotiations or otherwise, may affect the tax treatment of capital gains arising from a sale of Equity Shares

## **EXTERNAL RISK FACTORS**

### ***49. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations and prospects.***

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations applicable to us and our business, including those relating to the Internet and e-commerce, consumer protection and privacy. Such unfavorable changes could decrease demand for our products, increase costs and/or subject us to additional liabilities. Furthermore, the growth and development of e-commerce may result in more stringent consumer protection laws that may impose additional burdens on online businesses generally.

The application of various Indian and international sales, use, occupancy, value-added and other tax laws, rules and regulations to our services and products is subject to interpretation by the applicable taxing authorities. Many of the statutes and regulations that impose these taxes were established before the growth of the Internet, mobile networks and e-commerce. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, particularly with respect to occupancy or value-added or other taxes, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties and, even if we are able to pass on such costs to our customers, such action would decrease the demand for our services and products. As a result, any such changes could have an adverse effect on our business and results of operation. Further, the uncertainty in relation to change of laws, rules and regulations may lead to unpredictability and negatively impact our ability to manage our business prospects.

Separately, unfavorable changes in existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and/or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in applicability or implementation of any amendment to, or change in, law, regulation or policy, including due to an absence, or a limited body, of administrative or judicial precedent may be time consuming and costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

### ***50. Recent global economic conditions have been unprecedented and challenging and continue to affect the Indian market, which may adversely affect our business, financial condition, results of operations and prospects.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

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, global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall. Any persisted or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of our raw materials and demand for our products and, as a result, on our business and financial results.

There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In particular, as China is one of India's major trading partners, there are raising concerns regarding the United States limiting trade and/or imposing a tariff on imports from China and of a possible slowdown in the Chinese economy. Such factors might also result in a slowdown in India's export growth momentum and could materially and adversely affect our operating results and financial performance.

In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have a material adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.



Adverse economic developments overseas in countries where we have operations could have a material adverse effect on our business and the trading price of the Equity Shares.

***51. An outbreak of an infectious disease or any other serious public health concerns in India or elsewhere could adversely affect our business.***

The outbreak of an infectious disease in India or elsewhere or any other serious public health concern, such as Covid-19, which is currently having a negative impact on the global economy, financial markets and business activities worldwide, which also turn adversely affect our business. Although, we can give no assurance that a future outbreak of a similar infectious disease or any other serious public health concern will not have a material adverse effect on our business.

Despite precautionary measures for our business, there can be no guarantee that it will not be affected in the future in case of an outbreak of any such contagious disease. If a wide spread of disease has affected the Indian market, we may not be able to cater customers. An outbreak of a disease, whether directly impact our supply or not, may attract negative publicity resulting in declining demand. As a result of these and other factors, any outbreak of disease, or the possibility of an outbreak of disease could adversely affect our business, financial condition and results of operations.

***52. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighboring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

***53. Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the “CCI”). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees are penalized under the Competition Act, our business may be adversely affected. Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds.

On March 4, 2011, the Government of India notified and brought into force new provisions under the Competition Act in relation to combined entities (the “Combination Regulation Provisions”), which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and preapproved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (as amended). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.



**54. *A significant change in the Government of India's economic liberalization and deregulation policies could adversely affect our business and the price of our Equity Shares.***

The Government of India has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Unfavourable government policies including those relating to the internet and e-commerce, consumer protection and data-privacy, could adversely affect business and economic conditions in India, and could also affect our ability to implement our strategy and our future financial performance. Since 1991, successive governments, including coalition governments, have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. However, the members of the Government of India and the composition of the coalition in power are subject to change. As a result, it is difficult to predict the economic policies that will be pursued by the Government of India. The rate of economic liberalization could change and specific laws and policies affecting the financial services industry, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

**55. *Companies in India are required to prepare financial statements under the new Indian Accounting Standards. In addition, all income-tax assessee in India will be required to follow the Income Computation and Disclosure Standards.***

The Ministry of Corporate Affairs ("MCA"), Government of India, has through notification dated February 16, 2015 issued the Indian Accounting Standards Rules, 2015 ("Ind AS") which have come into effect from April 1, 2015 and are applicable to companies which fulfill certain conditions. Further, there can be no assurance that the adoption of Ind AS will not affect our reported results of operations or financial condition. Any of these factors relating to the use of Ind AS may adversely affect our financial condition and results of operations.

Further, the Ministry of Finance, Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for computation of taxable income. The ICDS shall apply from the assessment year 2017-2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

**56. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

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

**57. *Conditions in the Indian securities market and stock exchanges may affect the price and liquidity of our Equity Shares.***

Indian stock exchanges, which are smaller and more volatile than stock markets in developed economies, have in the past, experienced problems which have affected the prices and liquidity of listed securities of Indian companies. These problems include temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of our Equity Shares.



## **SECTION IV – INTRODUCTION**

### **THE ISSUE**

#### **PRESENT ISSUE IN TERMS OF THIS DRAFT PROSPECTUS:**

<b>Equity Shares<sup>(1)</sup>:</b> Public Issue of Equity Shares by our Company <sup>(2)</sup>	Upto 5,30,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per share aggregating Rs. [●] lakhs
<b>Of which:</b>	
<b>Issue Reserved for the Market Maker</b>	[●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per share aggregating Rs. [●] lakhs
<b>Net Issue to the Public<sup>(3)</sup></b>	[●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per share aggregating Rs. [●] lakhs
	<b>Of Which<sup>(3)</sup>:</b>
	[●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share will be available for allocation for allotment to Retail Individual Investors of up to ₹ 2.00 Lakhs
	[●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share will be available for allocation for allotment to Other Investors of above ₹ 2.00 Lakhs
<b>Equity Shares outstanding prior to the Issue</b>	14,00,000 Equity Shares of Rs. 10/- each
<b>Equity Shares outstanding after the Issue</b>	[●] Equity Shares of Rs. 10/- each
<b>Objects of the Issue</b>	Please refer chapter titled “Objects of the Issue” beginning on Page No. 58 of this Draft Prospectus

<sup>(1)</sup> This issue is being made in terms of Chapter IX of the SEBI ICDR Regulations, as amended from time to time. For further details, please refer the section titled “Issue Related Information” beginning on Page No. 171 of this Draft Prospectus.

<sup>(2)</sup> The present Issue has been authorized pursuant to a resolution of our Board dated December 13, 2021 and by Special Resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Extra-Ordinary General Meeting of our shareholders held on December 14, 2021.

<sup>(3)</sup> The allocation is the net issue to the public category shall be made as per the requirements of Regulation 253 (2) of SEBI ICDR Regulations, as amended from time to time:

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

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

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

For further details please refer to the chapter titled “Issue Structure” beginning on Page No. 176 of this Draft Prospectus.



## SUMMARY OF FINANCIAL INFORMATION

### RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

Sr. No.	Particulars	Note No.	As at 30th November 2021
<b>A.</b>	<b>Equity and Liabilities</b>		
<b>1</b>	<b>Shareholders' Funds</b>		
	Share Capital	<b>A.1</b>	140.00
	Reserves & Surplus	<b>A.2</b>	18.27
	<b>Share application money pending allotment</b>		
<b>2</b>	<b>Non-Current Liabilities</b>		
	Long-Term Borrowings	<b>A.3</b>	36.34
	Other Non-Current Liabilities		
	Long-Term Provisions		-
	Deferred Tax Liabilities (Net)	<b>A.4</b>	-
<b>3</b>	<b>Current Liabilities</b>		
	Short Term Borrowings	<b>A.5</b>	16.51
	Trade Payables :	<b>A.6</b>	
	(A) total outstanding dues of micro enterprises and small enterprises; and		-
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		27.26
	Other Current Liabilities	<b>A.7</b>	11.13
	Short Term Provisions	<b>A.8</b>	0.69
	<b>Total</b>		<b>250.21</b>
<b>B.</b>	<b>Assets</b>		
<b>1</b>	<b>Non-Current Assets</b>		
	Property, Plant and Equipment		
	Tangible Assets	<b>A.9</b>	111.10
	Capital Work In Progress	<b>A.9</b>	-
	Intangible Assets	<b>A.9</b>	-
	Non-Current Investments		-
	Deferred Tax Assets	<b>A.4</b>	0.19
	Long Term Loans & Advances	<b>A.10</b>	3.18
	Other Non-Current Assets		-
<b>2</b>	<b>Current Assets</b>		
	Current Investments		
	Inventories	<b>A.11</b>	50.49
	Trade Receivables	<b>A.12</b>	17.27
	Cash and Cash Equivalents	<b>A.13</b>	39.55
	Short-Term Loans and Advances	<b>A.14</b>	16.85
	Other Current Assets	<b>A.15</b>	11.57
	<b>Total</b>		<b>250.21</b>

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, B & C



# RESTATED STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

Sr. No	Particulars	Note No.	For the period ended from 30 Sep 2021 to 30th Nov 2021
			2021
<b>A.</b>	<b>Revenue:</b>		
	Revenue from Operations	<b>B.1</b>	16.78
	Other income		0.00
	<b>Total revenue</b>		<b>16.78</b>
<b>B.</b>	<b>Expenses:</b>		
	Cost of Material Consumed	<b>B.2</b>	33.41
	Purchase of Stock in Trade		0.00
	Change in Inventories of Finished Goods, WIP & Stock in Trade	<b>B.3</b>	(25.87)
	Employees Benefit Expenses	<b>B.4</b>	0.22
	Finance costs	<b>B.5</b>	0.25
	Depreciation and Amortization	<b>B.6</b>	1.89
	Other expenses	<b>B.7</b>	4.92
	<b>Total Expenses</b>		<b>14.82</b>
	<b>Profit before exceptional and extraordinary items and tax</b>		<b>1.97</b>
	Exceptional Items		-
	<b>Profit before extraordinary items and tax</b>		<b>1.97</b>
	Extraordinary items		-
	<b>Profit before tax</b>		<b>1.97</b>
	<b>Tax expense :</b>		
	Current tax		0.69
	Deferred Tax	<b>B.8</b>	(0.19)
	Profit (Loss) for the period from continuing operations		<b>1.47</b>
	<b>Earning per equity share in Rs.:</b>		
	(1) Basic		0.11
	(2) Diluted		0.11

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A & C.





## RESTATED STATEMENT OF CASH FLOWS

(Rs. In Lakhs)

Particulars	For the period ended from 30 Sep 2021 to 30th Nov
	2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit/ (Loss) before tax	1.97
Adjustments for:	
Depreciation	1.89
Finance Cost	0.25
<b>Operating profit before working capital changes</b>	<b>4.10</b>
Movements in working capital :	
(Increase)/Decrease in Inventories	(50.49)
(Increase)/Decrease in Trade Receivables	(17.27)
(Increase)/Decrease in Short Term Loans & Advances	(16.85)
(Increase)/Decrease in Other Current Assets	(11.57)
Increase/(Decrease) in Trade Payables	27.26
Increase/(Decrease) in Other Current Liabilities	11.13
<b>Cash generated from operations</b>	<b>(53.69)</b>
Income tax paid during the year	-
<b>Net cash from operating activities (A)</b>	<b>(53.69)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(112.99)
(Increase)/Decrease in Long Term Loans & Advances	(3.18)
<b>Net cash from investing activities (B)</b>	<b>(116.17)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Issue of Share Capital	20.00
Proceeds from Securities Premium	136.80
Payment of Finance Cost	(0.25)
Proceeds Short Term Borrowings	16.51
Proceeds from Long Term Borrowings	36.34
<b>Net cash from financing activities (C)</b>	<b>209.41</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>39.55</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>39.55</b>
<b>Cash and Cash equivalents comprises of</b>	
<b>Cash in Hand</b>	<b>1.78</b>
<b>Balance with Banks</b>	<b>37.77</b>

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure C, A & B.



## **SECTION V - GENERAL INFORMATION**

Our Company was originally incorporated on September 30, 2021 as “Quality RO Industries Private Limited” vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from “Quality RO Industries Private Limited” to “Quality RO Industries Limited” vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad. The Corporate Identity Number of our Company is U29308GJ2021PLC126004.

For further details, please refer to chapter titled “History and Corporate Structure” beginning on page 96 of this Draft Prospectus.

### **Registered Office and Manufacturing Unit of our Company**

#### **Quality RO Industries Limited**

Plot No. 09, POR Industrial Park,  
NH 08 Behind Sahayog Hotel,  
Village POR, Vadodara-391243, Gujarat, India.

**Tel. No.:** +91- 6358839303

**E-mail:** [info@qualityro.in](mailto:info@qualityro.in)

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

**Corporate Identification Number:** U29308GJ2021PLC126004

**Reg. No.:** 126004/2021-22

### **Address of Registrar of Companies**

#### **Registrar of Companies, Ahmedabad**

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

**Tel No.** +91-079-27438531

**Fax No.:** +91- 079-27438371

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

**Website:** <http://www.mca.gov.in>

### **Designated Stock Exchange**

#### **BSE Limited**

P.J. Towers, Dalal Street, Fort,  
Mumbai - 400001, Maharashtra, India  
Website – [www.bseindia.com](http://www.bseindia.com)

### **Board of Directors of our Company**

The Board of Directors of our Company consists of:

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Mr. Vivek Dholiya	Chairman and Managing Director	402, Kishan Vista, Manjalpur, Tulsi Dham Char Rasta, Vadodara-390011, Gujarat, India.	09340902
Mrs. Damini Dholiya	Whole-Time Director	402, Kishan Vista, Manjalpur, Tulsi Dham Char Rasta, Vadodara-390011, Gujarat, India.	09340903
Mr. Ankit Jagdishbhai Kansara	Non-Executive Independent Director	Sanjay Park Society, Behind Kubereswar Temple, Manjalpur, Vadodara - 390011, Gujarat, India.	09415953
Mr. Shirish Amrutlal Kotadia	Non-Executive Independent Director	A-203, Shree Radhey Residency Flats, Vadsar Road, BH Silver Woods, M.I. Estate, Vadodara - 390010, Gujarat, India.	09415940



Mr. Pankil Anilbhai Gandhi	Non-Executive Independent Director	2 Shreeji Duplex, Near Tulsi Aangan Duplex, Behind Railway water tank, Manjalpur, Vadodara - 390010, Gujarat, India.	09421101
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For further details of the Directors of our Company, please refer to the chapter titled “Our Management” on page 100 of this Draft Prospectus.

#### Company Secretary and Compliance Officer

**Mr. Narendra Gupta**

**Quality RO Industries Limited**

Plot No. 09, POR Industrial Park,

NH 08 Behind Sahayog Hotel,

Village POR, Vadodara-391243, Gujarat, India.

**Tel. No.:** +91- 6358839303

E-mail: [cs@qualityro.in](mailto:cs@qualityro.in)

#### Chief Financial Officer

**Mrs. Beena Varun Koshiya**

**Quality RO Industries Limited**

Plot No. 09, POR Industrial Park,

NH 08 Behind Sahayog Hotel,

Village POR, Vadodara-391243, Gujarat, India.

**Tel. No.:** +91- 6358839303

E-mail: [cfo@qualityro.in](mailto:cfo@qualityro.in)

Investors may contact our Company Secretary and Compliance Officer and/ or the Registrar to the Issue and/ or the Lead Manager, in case of any pre-Issue or post-Issue related problems such as non-receipt of Intimation for Allotment, credit of allotted Equity Shares in the respective beneficiary account.

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

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

All grievances relating to the UPI mechanism may be addressed to the Registrar to the Issue with a copy to the relevant Sponsor Bank or the member of the Syndicate if the application was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the application was submitted to a Registered Broker at any of the Brokers Centres, as the case may be, quoting the full name of the sole or first applicant, Application Form number, address of the applicant, applicant's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the application was submitted, and the UPI ID of the UPI ID Linked Bank Account in which the amount equivalent to the application Amount was blocked.

All grievances relating to applications submitted through the Registered Broker and/or a Stock Broker may be addressed to the Stock Exchange with a copy to the Registrar to the Issue.

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

#### LEAD MANAGER OF THE ISSUE

**SHRENI SHARES PRIVATE LIMITED**

Office No. A-102, 1st Floor, Sea Lord CHSL,



Above Axis Bank, Ram Nagar, Borivali (West),  
Mumbai- 400092, Maharashtra, India  
**Telephone Number:** +91 - 22 - 28088456  
**Email Id:** [shrenishares@gmail.com](mailto:shrenishares@gmail.com)  
**Investors Grievance Id:** [info@shreni.in](mailto:info@shreni.in)  
**Website:** [www.shreni.in](http://www.shreni.in)  
**Contact Person:** Mr. Krunal Pipaliya  
**SEBI Registration Number:** INM000012759  
**CIN:** U67190MH2009PTC195845

#### LEGAL ADVISOR TO THE ISSUE

**ASHA AGARWAL & ASSOCIATES**  
30/24/08, Varun Path, Mansorvar  
Jaipur-302020, Rajasthan, India  
**Tel No.:** +91- 9950933137  
**Email:** [ashaagarwalassociates@gmail.com](mailto:ashaagarwalassociates@gmail.com)  
**Contact Person:** Ms. Nisha Agarwal

#### REGISTRAR TO THE ISSUE

**SKYLINE FINANCIAL SERVICES PRIVATE LIMITED**  
D-153A, 1st Floor, Okhla Industrial Area Phase-I,  
New Delhi – 110020, India  
**Telephone:** 011-40450193-197  
**Fax No:** 011-26812683  
**Email:** [compliances@skylinerta.com](mailto:compliances@skylinerta.com)  
**Investor grievance email:** [grievance@skylinerta.com](mailto:grievance@skylinerta.com)  
**Contact Person:** Alok Gautam  
**Website:** [www.skylinerta.com](http://www.skylinerta.com)  
**SEBI Registration Number:** INE00003241

#### BANKERS TO THE COMPANY

[•]

#### STATUTORY AUDITOR & PEER REVIEW AUDITOR OF THE COMPANY

**M/S. A Y & CO.,** Chartered Accountants  
404, Fourth Floor, ARG Corporate Park  
Ajmer Road, Gopal Bari, Jaipur – 302006,  
Rajasthan, India  
**Tel No.:** +91 0141-4037257; +91-9649687300  
**Email:** [info@aycompany.co.in](mailto:info@aycompany.co.in)  
**Contact Person:** Mr. Arpit Gupta  
**Membership No.:** 421544  
**Firm Registration No.:** 020829C  
**Peer Review Registration No. –** 011177

M/s A Y & CO., Chartered Accountants hold a peer review certificate dated July 15, 2021 issued by the Institute of Chartered Accountants of India.

#### BANKERS TO THE ISSUE AND REFUND BANKER/SPONSOR BANK

[•]

#### STATEMENT OF INTER SE ALLOCATION OF RESPONSIBILITIES

Since Shreni Shares Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Lead Managers is not required.



## **SELF CERTIFIED SYNDICATE BANKS (“SCSBS”) AND SYNDICATE SCSB BRANCHES**

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on the website of SEBI on [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes). For details on Designated Branches of SCSBs collecting the Application Forms, please refer to the above mentioned SEBI link.

A list of the Designated SCSB Branches with which an ASBA Applicants (other than an RII using the UPI Mechanism), not Applying through a Registered Broker, may submit the ASBA Forms, is available at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34), and at such other websites as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form(s) of Applicants (other than RIIs) is provided on the website of SEBI at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

## **REGISTERED BROKERS**

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE at [www.bseindia.com](http://www.bseindia.com), as updated from time to time.

## **REGISTRAR TO THE ISSUE AND SHARE TRANSFER AGENTS**

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange at [www.bseindia.com](http://www.bseindia.com), as updated from time to time and on SEBI website at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=10)

## **COLLECTING DEPOSITORY PARTICIPANTS**

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange at [www.bseindia.com](http://www.bseindia.com), as updated from time to time and SEBI website at [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18); [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19) and [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=4](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=4)

## **Investors Banks or Issuer 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 [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40). For details on Designated Branches of SCSBs collecting the Application Forms, please refer to the above mentioned SEBI link.

## **BROKERS TO THE ISSUE**

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

## **CREDIT RATING**

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

## **IPO GRADING**

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

## **DEBENTURE TRUSTEES**

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



## **TRUSTEES**

As the Issue is of Equity Shares, the appointment of Trustees is not mandatory.

## **MONITORING AGENCY**

As per Regulation 262(1) of the SEBI ICDR Regulations, 2018 as amended, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10000.00 Lakhs.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a fiscal, we will utilize such unutilized amount in the next fiscal.

Further, in accordance with Regulation 32(1)(a) of the SEBI LODR Regulations, 2015, our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Prospectus.

## **APPRAISING ENTITY**

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

## **FILING OF OFFER DOCUMENT**

The Draft Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 246 of SEBI ICDR, 2018. However, pursuant to sub regulation (5) of regulation 246, the copy of Draft Prospectus shall also be furnished to the board in a soft copy. Also, a copy of the Prospectus shall be filed with SEBI at the Securities and Exchange Board of India, through SEBI intermediary portal at [www.siportal.sebi.gov.in](http://www.siportal.sebi.gov.in) for their record purpose only.

The Draft Prospectus/ Prospectus are being filed with BSE Limited, P.J. Towers, Dalal Street, Fort, Mumbai - 400001, Maharashtra, India.

A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 would be filed for registration to the Registrar of Companies at [www.mca.gov.in](http://www.mca.gov.in)

## **EXPERTS OPINION**

Except for the reports in the section "Financial Information of our company" and "Statement of Special Tax Benefits" on page 118 and page 66 of this Draft Prospectus from the Statutory Auditor, our Company has not obtained any expert opinions. We have received written consent from the Statutory Auditor for inclusion of their name. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act 1933.

## **WITHDRAWAL OF THE ISSUE**

Our Company in consultation with the LM, reserve the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraw the Issue any time after the Issue Opening Date but before the allotment of Equity Shares, a public notice within 2 (two) working days of the Issue Closing Date, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-issue advertisements have appeared and the Stock Exchange will also be informed promptly. The LM, through the Registrar to the Issue, 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 withdraw the Issue after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will have to file a fresh Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.





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

#### Green Shoe Option

No green shoe option is contemplated under the Issue.

#### UNDERWRITING

In terms of Regulation 260 (1) of the SEBI ICDR Regulations, 2018, the initial public offer shall be underwritten for hundred per cent of the offer and shall not be restricted upto the minimum subscription level and as per sub regulation (2) The lead manager(s) shall underwrite at least 15% of the issue size on their own account(s).

Pursuant to the terms of the Underwriting Agreement dated [●] entered into by Company and Underwriters – [●], the obligations of the Underwriters are subject to certain conditions specified therein. The Details of the Underwriting commitments are as under:

Details of the Underwriters	No. of shares underwritten	Amount Underwritten ( in Lakh)	% of Total Issue Size Underwritten
[●]	[●] Equity Shares of ₹ 10/- being Issued at [●] each	[●]	100%

*\*Includes [●] Equity shares of Rs.10.00 each for cash of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in its own account in order to claim compliance with the requirements of Regulation 261 of the SEBI ICDR Regulations, as amended.*

As per Regulation 260(2) of SEBI ICDR Regulations, the Lead Manager has agreed to underwrite to a minimum extent of Issue out of its own account.

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

#### CHANGES IN AUDITORS DURING LAST THREE YEARS

Our Company has appointed M/s A Y & Co., Chartered Accountants as its first statutory auditor of our Company.

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

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

<b>Name</b>	[●]
<b>Correspondence Address:</b>	[●]
<b>Tel No.:</b>	[●]
<b>E-mail:</b>	[●]
<b>Website:</b>	[●]
<b>Contact Person:</b>	[●]
<b>SEBI Registration No.:</b>	[●]

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



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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of BSE Limited and SEBI from time to time
3. 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.
4. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the SME Platform (in this case currently the minimum trading lot size is [●] equity shares; however, the same may be changed by the SME Platform of BSE from time to time).
5. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 25% of Issue Size would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.
6. The Inventory Management and Buying/Selling Quotations and its mechanism shall be as per the relevant circulars issued by SEBI and SME Platform of BSE Limited from time to time.
7. 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.
8. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
9. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
10. On the first day of the listing, there will be pre-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.
11. The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.
12. 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.
13. The Market Maker(s) shall have the right to terminate said arrangement by giving a three months' notice or on mutually acceptable terms to the Lead Manager, 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 Lead Manager to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of the SEBI ICDR Regulations, 2018, as amended. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making Agreement is available for inspection at our office from 11.00 a.m. to 5.00 p.m. on working days.



14. **Risk containment measures and monitoring for Market Makers:** BSE SME Exchange will have all margins, which are applicable on the 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.
15. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for Offer size up to Rs. 250 crores, the applicable price bands for the first day shall be:

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 trading days from commencement of trading.

The following spread will be applicable on the SME Exchange Platform.

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

16. **Punitive Action in case of default by Market Makers:** BSE SME Exchange 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.

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

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

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.



## SECTION VI – CAPITAL STRUCTURE

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

Amount (Rs. in Lakhs, except share data)

Sr. No.	Particulars	Aggregate nominal Value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorized Share Capital</b> 20,00,000 Equity Shares having Face Value of Rs 10/- each	200.00	-
<b>B</b>	<b>Issued, Subscribed &amp; Paid-up Share Capital before the Issue</b> 14,00,000 Equity Shares having Face Value of Rs.10/- each fully paid up before the Issue.	140.00	-
<b>C</b>	<b>Present Issue in terms of the Draft Prospectus</b> Issue of upto 5,30,000 Equity Shares having Face Value of Rs.10/- each at a price of Rs. [●] per Equity Share.	[●]	[●]
	<b>Which Comprises</b>	[●]	[●]
<b>I.</b>	<b>Reservation for Market Maker portion</b> [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share reserved as Market Maker Portion	[●]	[●]
<b>II.</b>	<b>Net Issue to the Public</b> Net Issue to Public of [●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share to the Public	[●]	[●]
	<b>of which<sup>(2)</sup></b>	[●]	[●]
	[●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share will be available for allocation for Investors of up to Rs. 2.00 lakhs	[●]	[●]
	[●] Equity Shares of Rs. 10/- each at a price of Rs. [●] per Equity Share will be available for allocation for Investors of above Rs. 2.00 lakhs	[●]	[●]
<b>D</b>	<b>Issued, Subscribed and Paid up Equity Share capital after the Issue</b> [●] Equity Shares of Rs. 10/- each	[●]	-
<b>E</b>	<b>Securities Premium Account</b> Before the Issue After the Issue	Rs. 16.80 Lakhs [●]	

<sup>(1)</sup> The Present Issue of upto 5,30,000 Equity Shares in terms of Draft Prospectus has been authorized pursuant to a resolution of our Board of Directors dated December 13, 2021 and by special resolution passed under Section 62(1) (c) of the Companies Act, 2013 at the Extra-Ordinary General Meeting of the members held on December 14, 2021.

<sup>(2)</sup> The allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Issue Price. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Lead Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.

\*The amount disclosed is prior to deduction of Issue expenses.

### Class of Shares

As on the date of Draft Prospectus Our Company has only one class of share capital i.e. Equity Shares of Rs.10/- each only. All Equity Shares issued are fully paid up. Our Company does not have any outstanding convertible instruments as on the date of the Draft Prospectus.

### Details of changes in Authorized Share Capital of our Company:

Since the incorporation of our Company, the authorized share capital of our Company has been altered in the manner set forth below:

- a) The initial Authorised share capital of our Company was ₹1.00 Lakh (Rupees One Lakh) divided into 10,000 (Ten Thousand) Equity Shares of ₹10/- each. This Authorised capital was increased to ₹200.00 Lakh (Rs Two crore) divided



into 20,00,000 (Twenty lakhs) Equity Shares of ₹10/- each pursuant to a resolution passed by our Shareholders in their Extra-Ordinary General Meeting held on November 02, 2021

## Notes to Capital Structure

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

- (a) The history of the equity share capital and the securities premium account of our company are set out in the following table:-

Date of Allotment / Date of Fully Paid Up	No. of Equity Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Nature of Consideration	Nature of Allotment	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (Rs.)	Cumulative Securities Premium (Rs.)
On Incorporation *	10,000	10	10	Cash	Subscription to MOA <sup>(i)</sup>	10,000	1,00,000	Nil
November 02, 2021 <sup>#</sup>	1,40,000	10	82	Other than Cash	Preferential Issue <sup>(ii)</sup>	1,50,000	15,00,000	1,00,80,000
November 26, 2021	50,000	10	82	Cash	Right Issue <sup>(iii)</sup>	2,00,000	20,00,000	1,36,80,000
November 29, 2021	12,00,000	10	--	Other than Cash	Bonus Issue <sup>(iv)</sup>	14,00,000	1,40,00,000	16,80,000

\* Shares was subscribed to Initial Subscriber to Memorandum of Association on incorporation.

<sup>#</sup> Issue of 1,40,000 Equity Shares has been issued in consideration of entire business acquisition of M/s Quality RO Products, proprietorship firm of our Promoter Mr. Vivek Dholiya.

<sup>\$</sup> Bonus issue of 12,00,000 equity shares in the ratio of 6:1 dated November 29, 2021 has been issued by Capitalization of Reserve & Surplus of the Company.

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

### Notes:

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

S. No.	Names of Person	Number of Shares Allotted
1.	Mr. Vivek Dholiya	9,000
2.	Mrs. Damini Dholiya	1,000
	<b>Total</b>	<b>10,000</b>

- (ii) Preferential Issue of 1,40,000 Equity Shares of Face Value of Rs. 10/- each fully paid at Issue Price of Rs. 82/- in consideration of business acquisition of M/s Quality RO Products. The details of which are given below:

S. No.	Names of Person	Number of Shares Allotted
1.	Mr. Vivek Dholiya	1,40,000
	<b>Total</b>	<b>1,40,000</b>

- (iii) Rights Issue of 50,000 Equity Shares of Face Value of Rs. 10/- each fully paid at Issue Price of Rs. 82/- in proportion of one Equity Shares for three Equity Share held. The details of Equity Shares Offered, Received, Renounced and Subscribed by the Existing shareholders is as under:

S. No.	Names of Person	Equity Shares Offered	Equity Shares Received/(Renounced)	Net Balance of Equity Shares	Equity Shares Subscribed/Received by Renunciation	Lapse of Equity Shares
1.	Mr. Vivek Dholiya	49,667	(40,667)	9,000	9,000	-



2.	Mrs. Damini Dholiya	333	8,667	9,000	8,667	-
3.	Mr. Vipul Hareshchandra Ramaiya	-	16,000	16,000	16,000	-
4.	Mrs. Foram Ramaiya	-	16,000	16,000	16,000	-
	<b>Total</b>	<b>50,000</b>	<b>--</b>	<b>50,000</b>	<b>50,000</b>	<b>--</b>

(iv) **Bonus allotment of 12,00,000 Equity Shares of Face Value of Rs. 10/- each fully paid in the ratio of 6:1 i.e., 6 Bonus Equity Shares for each equity share held:**

S. No.	Names of Person	Number of Shares Allotted
1.	Mr. Vivek Dholiya	9,48,000
2.	Mrs. Damini Dholiya	59,820
3.	Mr. Vipul Hareshchandra Ramaiya	96,000
4.	Mrs. Foram Ramaiya	96,000
5.	Mr. Vinubhai A Dholiya	60
6.	Mr. Divyang Maheshbhai Patel	60
7.	Mr. Yagneshkumar Patel	60
	<b>Total</b>	<b>12,00,000</b>

b) As on the date of the Draft Prospectus, our Company does not have any preference share capital.

## 2. Issue of Equity Shares for consideration other than cash

Except as disclosed below, we have not issued any Equity Shares for consideration other than cash.

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Reasons of Allotment	Benefits accrued to company	Allottees	No. of Shares Allotted
November 02, 2021	1,40,000	10.00	82.00	Other than Cash - Issued in consideration of entire business acquisition of M/s Quality RO Products, proprietorship firm of our Promoter Mr. Vivek Dholiya	Company acquired the running business of firm	Mr. Vivek Dholiya	1,40,000
November 29, 2021	12,00,000	10.00	--	Other than Cash – Bonus Issue	Capitalization of Securities Premium	Mr. Vivek Dholiya	9,48,000
						Mrs. Damini Dholiya	59,820
						Mr. Vipul Hareshchandra Ramaiya	96,000
						Mrs. Foram Ramaiya	96,000
						Mr. Vinubhai A Dholiya	60
						Mr. Divyang Maheshbhai Patel	60
						Mr. Yagneshkumar Patel	60

3. We have not revalued our assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

4. No Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956 and relevant section of 230-234 of Companies Act 2013.





5. As on the date of the Draft Prospectus, Our Company has not issued any equity shares under any employee stock option scheme and we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.
6. The Issue Price shall be decided by our Company in consultation with the Lead Manager, except as disclosed below, we have not issued any Equity Shares at price below issue price within last one year from the date of this Draft Prospectus:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Reasons of Allotment	Whether part of Promoter Group	Allottees	No. of Shares Allotted
On Incorporation	10,000	10.00	10.00	Subscription to MOA	Yes	Mr. Vivek Dholiya	9,000
						Mrs. Damini Dholiya	1,000
On Incorporation	1,40,000	10.00	82.00	Other than Cash - Issued in consideration of entire business acquisition of M/s Quality RO Products, proprietorship firm of our Promoter Mr. Vivek Dholiya	Yes	Mr. Vivek Dholiya	1,40,000
November 26, 2021	50,000	10.00	82	Rights Issue	Yes	Mr. Vivek Dholiya	9,000
					Yes	Mrs. Damini Dholiya	9,000
					No	Mr. Vipul Hareshchandra Ramaiya	16,000
					No	Mrs. Foram Ramaiya	16,000
November 29, 2021	12,00,000	10.00	--	Bonus Issue	Yes	Mr. Vivek Dholiya	9,48,000
					Yes	Mrs. Damini Dholiya	59,820
					No	Mr. Vipul Hareshchandra Ramaiya	96,000
					No	Mrs. Foram Ramaiya	96,000
					Yes	Mr. Vinubhai A Dholiya	60
					No	Mr. Divyang Maheshbhai Patel	60
					No	Mr. Yagneshkumar Patel	60



## 7. Our Shareholding Pattern

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the SEBI LODR Regulations, as on the date of the Draft Prospectus:

### I – Summary of Shareholding Pattern:-

Category	Category of shareholder	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form	
I	II	III	IV	V	VI	VII = IV+V+VI	VIII	No of Voting Rights		Total as a % of (A+B+ C)			X	XI=VII+X	XII	XIII		XIV
								Classes Equity	Total									
(A)	Promoter & Promoter Group	3	11,75,860	-	-	11,75,860	83.99	11,75,860	11,75,860	83.99	-	83.99	[●]	[●]	-	[●]		
(B)	Public	4	2,24,140	-	-	2,24,140	16.01	2,24,140	2,24,140	16.01	-	16.01	[●]	[●]	-	[●]		
I	Non-Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
(C2)	Shares held by Emp. Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Total	7	14,00,000	-	-	14,00,000	100.00	14,00,000	14,00,000	100.00	-	100.00	[●]	[●]	-	[●]		

\*As on date of this Draft Prospectus 1 Equity share holds 1 vote.

^ We have only one class of Equity Shares of face value of Rs. 10/- each.



**8. The list of Shareholders holding 1% or more of the paid-up Share Capital of our Company as on the date of this Draft Prospectus are:**

S. No.	Name	Shares Held (Face Value of Rs. 10 each)	% shares held (% Pre Issue paid up Capital)
1.	Mr. Vivek Dholiya	11,06,000	79.00
2.	Mrs. Damini Dholiya	69,790	4.99
3.	Mr. Vipul Hareshchandra Ramaiya	1,12,000	8.00
4.	Mrs. Foram Ramaiya	1,12,000	8.00
	<b>Total</b>	<b>13,99,790</b>	<b>99.99</b>

**9. The list of Shareholders holding 1% or more of the paid-up Share Capital of our Company two year prior as on the date of this Draft Prospectus are:**

Not Applicable as our company was incorporated on September 30, 2021.

**10. The list of Shareholders holding 1% or more of the paid-up Share Capital of our Company one year prior as on the date of this Draft Prospectus are:**

Not Applicable as our company was incorporated on September 30, 2021.

**11. The list of Shareholders holding 1% or more of the paid-up Share Capital of our Company ten days prior as on the date of this Draft Prospectus are:**

S. No.	Name	Shares Held (Face Value of Rs. 10 each)	% shares held (% Pre Issue paid up Capital)
1.	Mr. Vivek Dholiya	11,06,000	79.00
2.	Mrs. Damini Dholiya	69,790	4.99
3.	Mr. Vipul Hareshchandra Ramaiya	1,12,000	8.00
4.	Mrs. Foram Ramaiya	1,12,000	8.00
	<b>Total</b>	<b>13,99,790</b>	<b>99.99</b>

**12. Except as disclosed below, no subscription to or sale or purchase of the securities of our Company within three years preceding the date of filing of the Draft Prospectus by our Promoters or Directors or Promoter Group which in aggregate equals to or is greater than 1% of the pre- issue share capital of our Company.**

S. No.	Name of Shareholders	Date of Transaction	Promoter/ Promoter Group/ Director	Number of Equity Shares Subscribed to/ Acquired	Number of Equity Shares Sold	Subscribed/ Acquired/ Transferred
1.	Mr. Vivek Dholiya	November 02, 2021	Promoter & Managing Director	1,40,000	--	Preferential Issue *
2.	Mr. Vivek Dholiya	November 29, 2021	Promoter & Managing Director	9,48,000	--	Bonus Issue
3.	Mrs. Damini Dholiya	November 29, 2021	Promoter Group & Whole-time Director	59,820	--	Bonus Issue

\*Issue of 1,40,000 Equity Shares has been issued in consideration of entire business acquisition of M/s Quality RO Products, Proprietorship of our Promoter, Mr. Vivek Dholiya.

**13. None of our Directors or Key Managerial Personnel hold any Equity Shares other than as set out below:**

Name	Designation	No. of Equity Shares held
Mr. Vivek Dholiya	Chairman cum Managing Director	11,06,000
Mrs. Damini Dholiya	Whole-time Director	69,790

**14. Capital Build up in respect of shareholding of our Promoter:**

As on date of the Draft Prospectus, our promoter Mr. Vivek Dholiya holds 11,06,000 Equity Shares of our Company. None of the Equity Shares held by our Promoter are subject to any pledge.



Date of Allotment and made fully paid up /transfer	Nature of Issue	No. of Equity Shares	Face Value Per Share (₹)	Issue /Acquisition/ Transfer Price per Equity Share (₹)*	Pre-Issue Shareholding %	Post-Issue Shareholding %	Lock in Period	Source of Funds
<b>Mr. Vivek Dholiya</b>								
September 30, 2021	On Incorporation	9,000	10	10.00	0.64	[●]	[●]	Own fund
November 02, 2021	Preferential Issue	1,40,000	10	82.00	10.00	[●]	[●]	-
November 26, 2021	Right Issue	9,000	10	82.00	0.64	[●]	[●]	Own fund
November 29, 2021	Bonus Issue	9,48,000	10	-	67.71	[●]	[●]	-
<b>Total</b>		<b>11,06,000</b>			<b>79.00</b>	<b>[●]</b>	<b>[●]</b>	

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

Name of the Promoter	No. of Shares held	Average Cost of Acquisition per Share (In Rs.)*
Mr. Vivek Dholiya	11,06,000	11.13

\*Average cost of acquisition is calculated on the basis of face value of equity shares of Rs. 10/- each.

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

Date of Transaction	Number of Equity Shares Allotted/ Acquired/ Sold	Face Value (Rs.)	Issue Price/ Acquired Price (Rs.)*	Nature	Nature of Consideration	Name of the Allottees/ Transferor/transferee	Category
September 30, 2021	9,000	10	10	Subscription to MOA	Cash	Mr. Vivek Dholiya	Managing Director & Promoter
September 30, 2021	1,000	10	10	Subscription to MOA	Cash	Mrs. Damini Dholiya	Whole-time Director & Promoter Group
November 02, 2021	1,40,000	10	82	Preferential Issue	Other than Cash	Mr. Vivek Dholiya	Managing Director & Promoter
November 26, 2021	9,000	10	82	Right Issue	Cash	Mr. Vivek Dholiya	Managing Director & Promoter
November 26, 2021	9,000	10	82	Right Issue	Cash	Mrs. Damini Dholiya	Whole-time Director & Promoter Group
November 26, 2021	10	10	82	Acquisition of shares by Transfer	Cash	Mr. Vinubhai A Dholiya	Promoter Group
November 29, 2021	9,48,000	10	-	Bonus Issue	Other than Cash	Mr. Vivek Dholiya	Managing Director & Promoter
November 29, 2021	59,820	10	-	Bonus Issue	Other than Cash	Mrs. Damini Dholiya	Whole-time Director & Promoter Group
November 29, 2021	60	10	-	Bonus Issue	Other than Cash	Mr. Vinubhai A Dholiya	Promoter Group

\*The maximum and minimum price at which the aforesaid transaction was made is 82 and Nil Equity Share.



**(i) Details of Transfer of Share by Mrs. Damini Dholiya dated November 26, 2021**

S. No.	Date of Transfer	Name of Transferor	No. of shares Transfer	Name of Transferee
1.	November 26, 2021	Mrs. Damini Dholiya	10	Mr. Vinubhai A Dholiya
2.			10	Mr. Divyang Maheshbhai Patel
3.			10	Mr. Yagneshkumar Patel
Total			30	

**17. Details of the Pre and Post Issue Shareholding of our Promoter and Promoter Group as on the date of the Draft Prospectus is as below: -**

S. No	Names	Pre Issue		Post Issue	
		Shares Held	% Shares Held	Shares Held	% Shares Held
	<b>Promoter</b>				
1.	Mr. Vivek Dholiya	11,06,000	79.00	11,06,000	[●]
	<b>TOTAL (A)</b>	<b>11,06,000</b>	<b>79.00</b>	<b>11,06,000</b>	[●]
	<b>Promoter Group</b>				
1.	Mrs. Damini Dholiya	69,790	4.99	69,790	[●]
2.	Mr. Vinubhai A Dholiya	70	0.01	70	[●]
	<b>TOTAL (B)</b>	<b>69,860</b>	<b>5.00</b>	<b>69,860</b>	[●]
	<b>GRAND TOTAL (A+B)</b>	<b>11,75,860</b>	<b>84.00</b>	<b>11,75,860</b>	[●]

**18. Details of Promoter's Contribution locked in for three years:**

Date of Allotment / transfer of fully paid up Shares	Date when made Fully paid up	Nature of Allotment/ Acquired/Transfer	No. of shares Allotted/ Acquired Transferred	Face Value (Rs.)	Issue Price/ Transfer Price (Rs.)	% of Pre Issue Shareholding	% of Post Issue Shareholding	Lock in Period
<b>Mr. Vivek Dholiya</b>								
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>Total (A)</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 236 of the SEBI ICDR Regulations i.e. for a period of three years from the date of allotment of Equity Shares in this Issue.

No Equity Shares proposed to be locked-in as Minimum Promoters Contribution have been issued out of revaluation reserve or for consideration other than cash and revaluation of assets or capitalization of intangible assets, involved in such transactions.

The entire pre-Issue shareholding of the Promoter, 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 Issue.

Our Promoter, Mr. Vivek Dholiya has, by a written undertaking, consented to have [●] Equity Shares held by them to be locked in as Minimum Promoters Contribution for a period of three years from the date of allotment in this Issue and will not be disposed/sold/transferred by the promoter during the period starting from the date of filing this Draft Prospectus with SME Platform of BSE till the date of commencement of lock-in period as stated in this Draft Prospectus. The Equity Shares under the Promoters contribution will constitute [●] of our post-Issue paid up share capital.

Our Promoters have also consented that the Promoters contribution under Regulation 236 of the SEBI ICDR Regulations will not be less than 20% of the post Issue paid up capital of our Company.

**Eligibility of Share for "Minimum Promoters Contribution in terms of clauses of Regulation 237 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 involved in such transaction	The Minimum Promoter's contribution does not consist of such Equity Shares which have been acquired for consideration other than cash and revaluation of assets or capitalization of intangible assets. <b><u>Hence Eligible</u></b>
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><u>Hence Eligible</u></b>
237 (1) (b)	Specified securities acquired by the promoters and alternative investment funds or foreign venture capital investors or scheduled commercial banks or public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India, during the preceding one year at a price lower than the price at which specified securities are being offered to the public in the initial public offer.	The minimum Promoter's contribution does not consist of such Equity Shares. <b><u>Hence Eligible.</u></b>
237 (1) (c)	Specified securities allotted to the promoters and alternative investment funds during the preceding one year at a price less than the issue price, against funds brought in by them during that period, in case of an issuer formed by conversion of one or more partnership firms or limited liability partnerships, where the partners of the erstwhile partnership firms or limited liability partnerships are the promoters of the issuer and there is no change in the management	The minimum Promoter's contribution does not consist of such Equity Shares. <b><u>Hence Eligible.</u></b>
237 (1) (d)	Specified securities pledged with any creditor.	Our Promoter's has not Pledged any shares with any creditors. Accordingly, the minimum Promoter's contribution does not consist of such Equity Shares. <b><u>Hence Eligible.</u></b>

#### Details of Share Capital Locked in For One Year

In terms of Regulation 236 and 237 of the SEBI ICDR Regulations, in addition to the Minimum Promoters contribution which is locked in for 3 (three) years, as specified above, the entire pre-issue equity share capital held by promoters and entire pre-issue capital held by persons other than promoters of our Company i.e. Promoter Group members and Public holding [●] Equity Shares shall be locked in for a period of 1 (one) year from the date of allotment of Equity Shares in this Issue.

The Equity Shares which are subject to lock-in shall carry inscription '**non-transferable**' along with the duration 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:

- 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 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 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 Issue.
- In terms of Regulation 243 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked in as per Regulation 36 or 37 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.

- c) Further in terms of Regulation 243 of the SEBI ICDR Regulations, the Equity Shares held by the Promoters may be transferred to and amongst the Promoter Group or to new promoters or persons in control of the company 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. None of our Promoters, Promoter Group, 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 Prospectus.
  20. Neither, we nor our Promoters, Directors and the Lead Manager to this Issue have entered into any buyback and / or standby arrangements and / or similar arrangements for the purchase of our Equity Shares from any person.
  21. As on the date of filing of the Draft 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.
  22. As on the date of the Draft Prospectus, the entire Issued Share Capital, Subscribed and Paid up Share Capital of our Company is fully paid up.
  23. Our Company has not raised any bridge loan against the proceeds of the Issue.
  24. Since the entire Issue price per share is being called up on application, all the successful applicants will be allotted fully paid-up shares.
  25. As on the date of the Draft Prospectus, none of the shares held by our Promoters / Promoters Group are subject to any pledge.
  26. The Lead Manager i.e. Shreni Shares Private Limited and their associates do not hold any Equity Shares in our Company as on the date of filing of the Draft Prospectus.
  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 Prospectus until the Equity Shares Issued have been listed or application moneys refunded on account of failure of Issue.
  28. Our Company does not presently intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. This is except if we enter into acquisition or joint ventures or make investments, in which case we may consider raising additional capital to fund such activity or use Equity Shares as a currency for acquisition or participation in such joint ventures or investments
  29. None of our Equity Shares have been issued out of revaluation reserve created out of revaluation of assets.
  30. An over-subscription to the extent of 10% of the Net Issue 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 Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue. In such an event, the Equity Shares held by the Promoter is used for allotment and lock- in for three years shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.
  31. Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the LM and Designated Stock Exchange i.e. BSE. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.
  32. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of SEBI ICDR Regulations, 2018 and its amendments from time to time.



33. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
34. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net issue to the public portion.
35. At any given point of time there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
36. 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.
37. As on the date of the Draft Prospectus, Our Company has not issued any equity shares under any employee stock option scheme and we do not have any Employees Stock Option Scheme / Employees Stock Purchase Scheme.
38. There are no Equity Shares against which depository receipts have been issued.
39. Other than the Equity Shares, there is no other class of securities issued by our Company as on date of filing of the Draft Prospectus.
40. We have 7 (Seven) Shareholders as on the date of filing of the Draft Prospectus.
41. There are no safety net arrangements for this Public Issue.
42. Our Promoter and Promoter Group will not participate in this Issue.
43. This Issue is being made through Fixed Price method.
44. Except as disclosed in the Draft Prospectus, our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation to the date of the Draft Prospectus.
45. No person connected with the Issue shall issue 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.
46. We shall ensure that transactions in Equity Shares by the Promoters and members of the Promoter Group, if any, between the date of registering the Draft Prospectus with the RoC and the Issue Closing Date are reported to the Stock Exchanges within 24 hours of such transactions being completed.



## **CHAPTER VII – PARTICULARS OF THE ISSUE**

### **OBJECTS OF THE ISSUE**

The Issue includes a public Issue of upto 5,30,000 Equity Shares of our Company at an Issue Price of [●] per Equity Share.

#### **The Fresh Issue**

The Net Proceeds from the Fresh Issue will be utilized towards the following objects:

1. To Meet the Capital Expenditure Requirements
2. To Meet the Incremental Working Capital Requirements
3. General Corporate Purpose
4. Public Issue Expenses

*(Collectively referred as the “objects”)*

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 SME Platform of BSE. 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 of Association (MOA) enables our Company to undertake its existing activities and these activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum of Association (MOA).

#### **Net Issue Proceeds**

The details of the proceeds of the Issue are summarized in the table below:

<b>Particulars</b>	<b>Amt. (Rs. In Lakhs)</b>
Gross Issue Proceeds*	[●]
Less: Public Issue Expenses*	[●]
<b>Net Issue Proceeds*</b>	[●]

*\*to be updated in the prospectus prior to filing with RoC*

#### **Requirement of Funds: -**

The following table summarizes the requirement of funds:

<b>S. No</b>	<b>Particulars</b>	<b>Amt. (₹ in Lakhs)*</b>	<b>% of Total Issue Size*</b>
1.	To Meet the Capital Expenditure Requirements	[●]	[●]
2.	To Meet the Incremental Working Capital Requirements	[●]	[●]
3.	General Corporate Expenses <sup>#</sup>	[●]	[●]
4.	Public Issue Expenses	[●]	[●]
<b>Gross Issue Proceeds</b>		[●]	[●]
<b>Less: Issue Expenses</b>		[●]	
<b>Net Issue Proceeds</b>		[●]	

*\*to be updated in the prospectus prior to filing with RoC*

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

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



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

The above estimates are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see section titled “Risk Factors” on page 19 of this Draft Prospectus.

**Utilization of Net Issue Proceeds:** The Net Issue Proceeds will be utilized for following purpose:

S. No	Particulars	Amt. (₹ in Lakhs)
1.	To Meet the Capital Expenditure Requirements	[●]
2.	To Meet the Incremental Working Capital Requirements	[●]
3.	General Corporate Expenses	[●]
	<b>Total</b>	[●]

**Means of Finance:** -We intend to finance our Objects of Issue through Net Issue Proceeds which is as follows:

Particulars	Amt. (₹ in Lakhs)
Net Issue Proceeds	[●]
<b>Total</b>	[●]

*Since the entire fund requirement are to be funded from the proceeds of the Issue, 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 Issue.*

The fund requirement and deployment is based on internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to change in the light of changes in external circumstances or costs or other financial conditions and other external factors.

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

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 19 of the Draft Prospectus.

**Details of Use of Issue Proceeds:**

#### 1. **To Meet the Capital Expenditure Requirements:**

Our Company proposes to use Net Issue Proceeds to the extent to Rs. 139.72 Lakhs to meet capital expenditure requirement of the company. Capital Expenditure will be as follows



S.No.	Particulars	Quantity	Supplier	Quotation Amount (excluding taxes)
1.	PP Melt Blown Filter Cartridge Machine (2E&2M) - Electric Controller (ABB, OMRON, SCHENIDER, SSD) - Blower - Air Heater - Extruder #50 (ABB) - Mould (600 mm*0.4 mm) - Auto Feeder - Receiver Device (ABB, standard 28 mm) - Auto Cutter (Auto logo, Siemens PLC system) - Mold Cleaning Oven (Auto temperature controller) - Dotted and Grain Device - Small air compressor for cutting machine - Shrink film heating packing machine - 600 mm*0.4 mm extra molds	1 1 1 2 2 2 1 1 1 1 1 1 2	Arnav Impex*	35.60
2.	Solar Power Project with approx. 1450 kwh Capacity - Half Cut Mono Crystalline PERC 550 Watt - Solar String Inverters - Aluminum Monorail Structure for Metal Roof with SS Nuts & Accessories & Aluminum clamps. - CRC sheet Solar LT panel having multiple input MCCB and single output MCCB, SPD, Contactor & Relay - DC Side: Solar PV Cables TUV and AC Side: 4 core Aluminum Armored cable with efficient output - Earthing cable (Copper) GI Strips & Earthing Rods (Copper), Conduits, Lightning Arrestor (Copper / Copper Bonded)	1	Rudraksha Renewable Solutions	43.00
3.	SIGNA 4825.TK 6.7L 68WB SLPR G1150 10X4 SRT109 Bogie 11R20 FBV 29Box AC THU (Ex Showroom Price)	1	Shree Ambica Auto Sales and Service	61.12
<b>Total</b>				<b>139.72</b>

\* The Quotation from Arnav Impex is valid till February 04, 2022 and Quotation from Rudraksha Renewable Solutions is valid till February 20, 2022. However, our management are confident enough that such products will be available at quotation price only at the time of purchasing such assets.

Our company has not placed any order for above plant and machinery till the date of this Draft Prospectus.

## 2. To Meet the Incremental Working Capital Requirements

The Business of the Company is working capital intensive; hence it will meet the requirement to the extent of ₹ [●] Lakhs from the Net Proceeds of the Issue and balance from borrowings at an appropriate time as per the requirements of the business.

Details of Estimation of Working Capital requirement are as follows:

S. No.	Particulars	Actual (Restated)	Provisional	Projected
		November 30, 2021	March 31, 2022	March 31, 2023
I	<b>Current Assets</b>			
	Trade receivables	17.27	[●]	[●]
	Inventories	50.49	[●]	[●]
	Cash and cash equivalents	39.55	[●]	[●]
	Short term loan & Advances	16.85	[●]	[●]
	Other Current Assets	11.57	[●]	[●]
	<b>Total(A)</b>	<b>135.73</b>	[●]	[●]



II	<b>Current Liabilities</b>		[●]	[●]
	Trade payables	27.26	[●]	[●]
	Short Term Provisions	0.69	[●]	[●]
	Other Current Liabilities	11.13	[●]	[●]
	<b>Total (B)</b>	<b>39.08</b>	[●]	[●]
III	<b>Total Working Capital Gap (A-B)</b>	<b>96.65</b>	[●]	[●]
IV	<b>Funding Pattern</b>		[●]	[●]
	Short term borrowing & Internal Accruals	<b>96.65</b>	[●]	[●]
	<b>IPO Proceeds</b>	<b>--</b>	[●]	[●]

**Justification:**

S. No.	Particulars
<b>Debtors</b>	We expect Debtors holding days to be at [●] Days approx. for FY 2022-23 based on increased sales of Products and better credit Management policies ensuring timely recovery of dues.
<b>Creditors</b>	We expect Creditors Payments days to be at [●] Days for F.Y. 2022-23
<b>Inventories</b>	We expects Inventory levels to maintain [●] Days approx. for FY 2022-23 due to their trading cycle, increase in sales and maintaining required level of Inventory.

**3. General Corporate Purposes:**

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to deploy the balance Fresh Issue proceeds aggregating [●] 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.

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

**4. Public Issue Expenses:**

The estimated Issue related expenses includes Issue Management Fee, Underwriting and Selling Commissions, Printing and Distribution Expenses, Legal Fee, Advertisement Expenses, Registrar's Fees, Depository Fee and Listing Fee. The total expenses for this Issue are estimated to be approximately [●] Lakhs which is [●] of the Issue Size. All the Issue related expenses shall be proportionately met out from proceeds of the Issue as per applicable laws. The break-up of the same is as follows:

Particulars	Estimated expenses (Rs. In Lakhs)	As a % of total estimated issue related expenses	As a % of the total Issue size
Lead Manager Fees including underwriting commission	[●]	[●]	[●]
Brokerage, selling, commission and upload fees	[●]	[●]	[●]
Registrar to the issue	[●]	[●]	[●]
Legal Advisors	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution of issue stationery	[●]	[●]	[●]
Others, if any (market making, depositories, marketing fees, secretarial, peer review auditors, etc.)	[●]	[●]	[●]
<b>Total Estimated Issue Expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

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





1. ASBA applications procured directly from the applicant and Bided (excluding applications made using the UPI Mechanism, and in case the Issue is made as per Phase I of UPI Circular) - Rs [●] per application on wherein shares are allotted.
2. Syndicate ASBA application procured directly and bided by the Syndicate members (for the forms directly procured by them) - Rs [●] per application on wherein shares are allotted
3. Processing fees / uploading fees on Syndicate ASBA application for SCSBs Bank - Rs [●] per application on wherein shares are allotted
4. Sponsor Bank shall be payable processing fees on UPI application processed by them - Rs [●] per application on wherein shares are allotted
5. No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.
6. The commissions and processing fees shall be payable within 30 Working days post the date of receipt of final invoices of the respective intermediaries.
7. Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

#### **Proposed Schedule of Implementation:**

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

(₹ In Lakhs)

S. No.	Particulars	Amount to be deployed and utilized in F.Y. 2021-22	Amount to be deployed and utilized in F.Y. 2022-23
1.	To Meet the Capital Expenditure Requirements	[●]	[●]
2.	To Meet the Incremental Working Capital Requirements	[●]	[●]
3.	General Corporate Purpose	[●]	[●]
	<b>Total</b>	[●]	[●]

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

Our Statutory Auditors M/s. A Y & Co., 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 Issue:

Particulars	Amount (Rs. in Lakh)*
Issue Expenses	[●]
<b>Total</b>	[●]

\* Amount inclusive of applicable taxes.

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

Our Statutory Auditors M/s. A Y & Co., 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 Issue:

Particulars	Amt. (Rs. in Lakh)*
Internal Accruals	[●]
<b>Total</b>	[●]

\* Amount inclusive of applicable taxes.

#### **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 Issue 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 variations in interest rate structures, changes in our financial condition and current commercial conditions 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 this Draft 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 Issue 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. The Audit committee & the Board of Directors of our Company will monitor the utilization of funds raised through this public issue. Pursuant to Regulation 32 of SEBI Listing Regulation 2015, our Company shall on half-yearly basis disclose to the Audit Committee the Applications of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full. The statement of funds utilized will be certified by the Statutory Auditors of our Company.

### **Interim Use of Proceeds**

Pending utilization of the Issue proceeds of the Issue 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 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue 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 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 is no material existing or anticipated transactions with our Promoter, our Directors, our Company's key Managerial personnel and Group Companies, in relation to the utilization of the Net Proceeds. No part of the proceeds of the Issue will be paid by us to the Promoter and Promoter Group, Group Companies, the Directors, associates or Key Management Personnel, except in the normal course of business and in compliance with applicable law.



## **BASIS FOR ISSUE PRICE**

*Investors should read the following summary with the section titled “Risk Factors”, the details about our Company under the chapter titled “Business Overview” and its financial statements under the section titled “Financial Information of our Company” beginning on page 19, page 78 and page 118 respectively of this Draft 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 Issue Price has been determined by the Company in consultation with the LM on the basis of the key business strengths of our Company. The face value of the Equity Shares is Rs. 10 and Issue Price is [●] which is [●] times of the face value.

### **QUALITATIVE FACTORS**

- Experienced Promoter and Management Expertise
- Scalable Business Model
- Quality Assurance and Standards
- Existing relationship with suppliers
- Cost effective production and timely fulfilment of orders

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to chapter titled “Business Overview” beginning on page 78 of this Draft Prospectus.

### **QUANTITATIVE FACTORS**

Information presented below is derived from our Company’s Restated Financial Statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

#### **1. Basic & Diluted Earnings per share (EPS), as restated:**

S. No	Period	Basic & Diluted (₹)	Weights
1.	Weighted Average	--	--
	For the Period Ended on November 30, 2021*	0.11	--

\*Not annualised

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.

#### **2. Price Earning (P/E) Ratio in relation to the Issue Price of [●] per share:**

S. No	Particulars	P/E
1	P/E ratio based on the Basic & Diluted EPS, as restated for stub period	[●]
2	P/E ratio based on the Weighted Average EPS	--

Industry P/E <sup>(1)</sup>	P/E
Highest – [●]	[●]
Lowest – [●]	[●]
Industry PE	[●]

<sup>(1)</sup>Source: Capital market

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

S. No	Period	RONW (%)	Weights
	Weighted Average	--	--
	For the Period Ended on November 30, 2021	0.93%	--

Notes:

1. Return on Net Worth (%) = Net Profit after tax as restated / Net worth as restated as at year end.



2. 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.

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

Sr. No.	As at	NAV (₹)
1.	November 30, 2021	11.31
2.	NAV after Issue	[●]
	Issue Price	[●]

Notes:

- NAV per share = Restated Net worth at the end of the year/period divided by total number of equity shares outstanding at the end of the year/period.
- 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.
- Issue Price per Equity Share will be determined by our Company in consultation with the Lead Manager.

#### 5. Comparison of Accounting Ratios with Industry Peers

S. No.	Name of Company	Results Type	Face Value (₹)	EPS (₹)	PE	RoNW (%)	NAV per Share (₹) <sup>2</sup>
1.	Quality RO Industries Limited <sup>1</sup>	Standalone	10.00	[●]	[●]	[●]	[●]
2.	[●] <sup>3</sup>	[●]	[●]	[●]	[●]	[●]	[●]

\*Considering the nature and size of business of the Company, the peers are not strictly comparable. However, the same has been included for broad comparison.

<sup>1</sup>Based on November 30, 2021 restated financial statements.

<sup>2</sup> Net Assets Value is calculated on outstanding shares as on November 30, 2021.

<sup>3</sup> The figures of peer group company are based on annual report of the Company available on website of stock exchange.

- The face value of our shares is ₹10.00 per share and the Issue Price is of [●] per share which is [●] times of the face value.
- The Issue Price has been determined by our Company in consultation with the Lead Manager and justified by our Company in consultation with the Lead Manager on the basis of above parameters.

Investors should read the above mentioned information along with chapter titled “Business Overview”, “Risk Factors” and “Financial Information of our Company” beginning on page 78, 19 and 118 respectively including important profitability and return ratios, as set out in chapter titled “Other Financial Information” on page 141 of this Draft Prospectus to have a more informed view



## **STATEMENT OF SPECIAL TAX BENEFITS**

To,

**The Board of Directors,**  
Quality RO Industries Limited  
Plot No. 09, POR Industrial Park,  
NH 08 Behind Sahayog Hotel,  
Village POR, Vadodara-391243, Gujarat, India.

Dear Sir,

**Subject - Statement of tax benefits (“the statement”) available to Quality RO Industries Limited (“the company”) and its shareholder prepared in accordance with the requirement in Point No. 9 (L) of Part A of Schedule VI to the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018.**

### **Reference - Initial Public Offer of Equity Shares by Quality RO Industries Limited**

1. We hereby confirm that the enclosed Annexure 1 and 2 (together “the Annexures”), prepared by Quality RO Industries Limited (‘the Company’), provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (‘the Act’) as amended by the Finance Act 2021, circular and notifications issued from time to time, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), as amended by the Finance Act 2021, circular and notifications issued from time to time, i.e., applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India (together, the” Tax Laws”). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that these Annexures are only intended to provide information to the investors and are 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.
3. We do not express any opinion or provide any assurance as to whether:
  - i) the Company or its shareholders will continue to obtain these benefits in future;
  - ii) the conditions prescribed for availing the benefits have been / would be met with; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.
5. No assurance is given that the revenue authorities/ Courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to updates the views consequent to such changes.
6. 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.
7. This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibility under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for



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

**For M/s A Y & Company,  
Chartered Accountants  
FRN: 020829C**

**CA Arpit Gupta  
Partner  
M.No. 421455  
UDIN: 21421544AAAAEC5736**

**Place: Vadodara  
Date: December 15, 2021**





## **ANNEXURE 1 TO THE STATEMENT OF TAX BENEFITS**

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

### **YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION**

#### **A. SPECIAL TAX BENEFITS TO THE COMPANY**

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

#### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER**

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

#### **Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Draft Prospectus/Prospectus



## **ANNEXURE 2 TO THE STATEMENT OF TAX BENEFITS**

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the GST Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

### **YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION**

#### **A. SPECIAL TAX BENEFITS TO THE COMPANY**

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

#### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER**

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

#### **Note:**

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant indirect tax law benefits and does not cover any direct tax law benefits or benefit under any other law.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Draft Prospectus/Prospectus.



## **SECTION VIII – ABOUT THE COMPANY**

### **OUR INDUSTRY**

*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. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.*

### **GLOBAL OUTLOOK**

The global recovery continues but the momentum has weakened, hobbled by the pandemic. Fueled by the highly transmissible Delta variant, the recorded global COVID-19 death toll has risen close to 5 million and health risks abound, holding back a full return to normalcy. Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding inflation in many countries. Overall, risks to economic prospects have increased, and policy trade-offs have become more complex.

The global economic recovery is continuing, even as the pandemic resurges. The fault lines opened up by COVID-19 are looking more persistent—near-term divergences are expected to leave lasting imprints on medium-term performance. Vaccine access and early policy support are the principal drivers of the gaps. Rapid spread of Delta and the threat of new variants have increased uncertainty about how quickly the pandemic can be overcome. Policy choices have become more difficult, confronting multidimensional challenges—subdued employment growth, rising inflation, food insecurity, the setback to human capital accumulation, and climate change—with limited room to maneuver.

The forecast: The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022 (0.1 percentage point lower for 2021 than in the July 2021 World Economic Outlook (WEO) Update). The downward revision for 2021 reflects a downgrade for advanced economies—in part due to supply disruptions—and for low-income developing countries, largely due to worsening pandemic dynamics. This is partially offset by stronger near term prospects among some commodity-exporting emerging market and developing economies. Employment is generally expected to continue lagging the recovery in output.

Beyond 2022 global growth is projected to moderate to about 3.3 percent over the medium term. Advanced economy output is forecast to exceed pre-pandemic medium-term projections—largely reflecting sizable anticipated further policy support in the United States that includes measures to increase potential. By contrast, persistent output losses are anticipated for the emerging market and developing economy group due to slower vaccine rollouts and generally less policy support compared to advanced Economies.

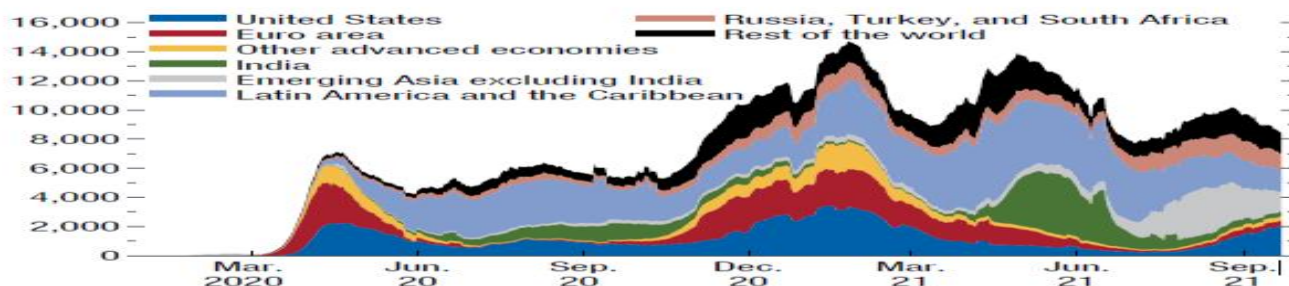
The global economic recovery continues amid a resurging pandemic that poses unique policy challenges. Vaccinations have proven effective at mitigating the adverse health impacts of COVID-19. However, unequal access to vaccines, vaccine hesitancy, and higher infectiousness have left many people still susceptible, providing fuel to the pandemic. The marked spread of the Delta variant and the threat of new variants that could undermine vaccine effectiveness make the future path of the pandemic highly.

uncertain. This has implications for the resilience of a recovery already in uncharted territory—characterized by pandemic-induced supply-demand mismatches that could worsen with a more protracted health crisis.



**Figure 1.1. New Confirmed COVID-19 Deaths**  
(Persons, seven-day moving average)

The pandemic began resurging over the summer.



Sources: Our World in Data; and IMF staff calculations.  
Note: Data as of September 22, 2021. Economy group and regional classifications are those in the *World Economic Outlook*. Other advanced economies in terms of International Organization for Standardization (ISO) country codes are AUS, CAN, CHE, CZE, DNK, GBR, HKG, ISL, ISR, JPN, KOR, MAC, NOR, NZL, SGP, SMR, SWE, and TWN.

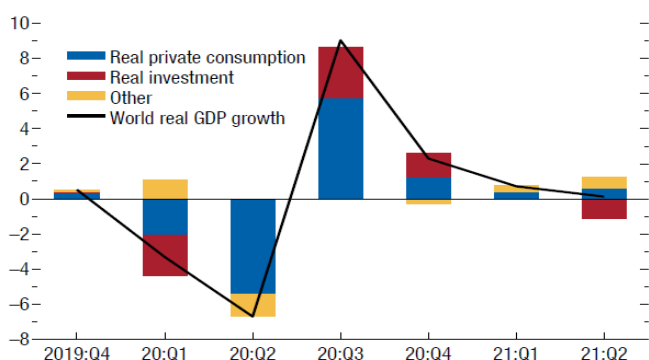
Gaps in expected recoveries across economy groups have widened since the July forecast, for instance between advanced economies and low-income developing countries. As recoveries proceed, the risks of derailments and persistent scarring in heavily impacted economies remain so long as the pandemic continues.

### Near-Term Recovery Continues while the Pandemic Resurges

GDP growth in the first half of 2021 was broadly in line with expectations: Outturns for first quarter global GDP were stronger than anticipated, reflecting continued adaptation of economic activity to the pandemic and associated restrictions as well as ongoing policy support in many countries. Momentum, however, weakened in the second quarter, weighed down by increasing infections in many emerging market and developing economies and by supply disruptions. Expenditure decompositions are consistent with input shortages contributing to weak investment in the second quarter. Recent high-frequency data are mixed. They suggest that the recovery continues, but with some softening in the third quarter, even while broadening across sectors. Services production is expanding, albeit prone to setbacks.

**Figure 1.2. Drivers of Global Growth**  
(Quarter-over-quarter growth contributions, percentage points)

Supply disruptions are weighing on private investment.



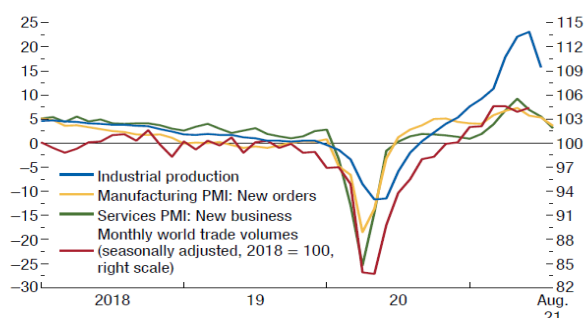
The global growth outlook is revised down for 2021 and is unchanged for 2021. The global economy is projected to grow 5.9 percent in 2021 and 4.9 percent in 2022. The 2021 forecast is revised down 0.1 percentage point relative to the July World Economic Outlook (WEO) Update, reflecting forecast downgrades to the advanced economy and low-income developing countries groups, as discussed below.

Vaccine access remains the principal driver of fault lines in the global recovery, reinforced by the resurgence of the pandemic: Many advanced economies have seen remarkable progress in vaccinations since the April 2021 WEO. By contrast, most emerging market and developing economies have had a much slower rollout, hampered by lack of supply and export restrictions.

- Advanced economies have achieved broad availability of vaccines, with hesitancy (rather than inadequate supply) being the main constraint on further gains. About 58 percent of the population in advanced economies has been fully

**Figure 1.3. Global Activity Indicators**  
(Three-month moving average, annualized percent change for industrial production; deviations from 50 for PMIs)

Higher-frequency indicators point to softening momentum.



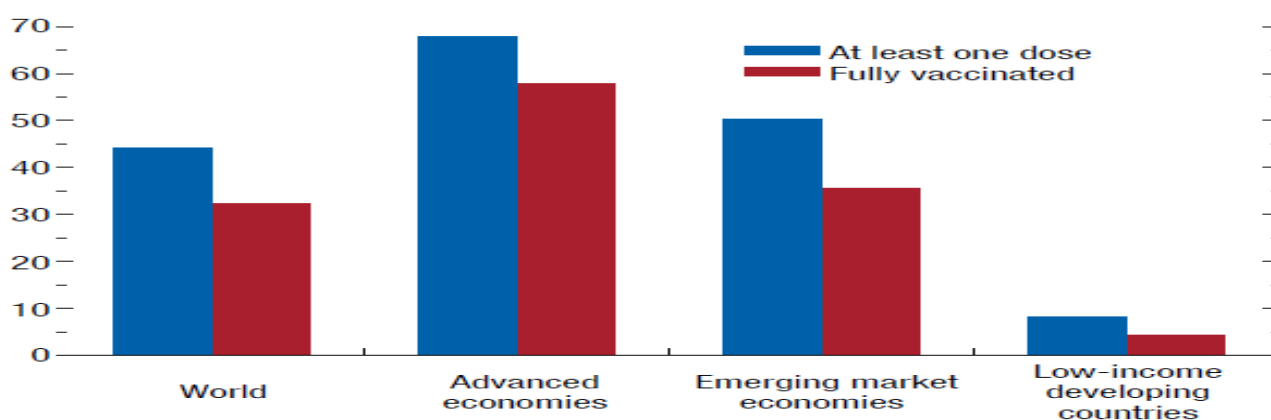


vaccinated. By contrast, the rest of the world has starkly lower shares of population that are fully vaccinated against COVID-19, at about 36 percent in emerging market economies and less than 5 percent in low-income developing countries. In these economies, vaccine supply and distribution remain the primary constraints.

- The forecast assumes that some emerging market economies will join advanced economies in gaining broad vaccine access in 2021. Most countries are assumed to acquire broad access by the end of 2022 and some only in 2023. However, it seems likely that vaccinations alone will not be able to completely stamp out SARS-CoV-2 transmission, even though they remain effective against the most adverse health effects of the pandemic (severe illness and death). As a result, hospitalizations and deaths are expected to be brought to low levels everywhere by the end of 2022 through a combination of improved access to vaccines and therapies, combined with more highly targeted and effective precautions. Some countries may be able to reduce adverse public health outcomes sooner than others, depending on country-specific circumstances. The projections are tempered by the possibility of renewed outbreaks, particularly before vaccines become widely available.
- So long as the enormous differences in vaccine access persist, the inequalities in health and economic outcomes will increase, driving further divergences across two blocs of countries: those that can look forward to further normalization later this year (almost all advanced economies); and those that will struggle with the adverse health and economic impacts from resurgent infections. The pressure for booster shots in countries with already-high rates of vaccination could further delay access in others still at early stages of getting first jabs into arms. The continuing wide circulation of the virus, particularly within countries and populations where vaccination rates are low, poses threats to health and economic recoveries everywhere. The World Health Organization is warning that more transmissible and deadly variants—which could escape protection from existing vaccines—are likely to evolve so long as a substantial share of the world population remains unprotected.

**Figure 1.4. The Great Vaccination Divide**  
(Percent of population)

Progress in vaccinations against COVID-19 remains highly unequal across the world.



Differences in policy support across countries also underlay gaps in recovery speeds: Sizable fiscal support continues in advanced economies, while many emerging market economies are reducing policy support this year as policy space shrinks with the duration of the pandemic. Major advanced economy central banks are assumed to leave policy rates unchanged through late 2022 though, in some cases, asset purchases are expected to be scaled back before then—a process already underway, for example, in Australia and Canada. Meanwhile, some emerging market central banks—including in Brazil, Chile, Mexico, and Russia—have shifted to a less accommodative stance over 2021, with tightening expected in more countries over the coming quarters.

- Policy support has helped create the conditions for a handoff to private demand in the recovery. Where deployed, extensive fiscal measures have provided insurance to households and firms, enabling many to replenish or build up their savings, and creating the conditions for private demand to propel the recovery, particularly in 2022 when the advanced economy group is projected to shift its fiscal stance toward tightening. Indeed, household savings accumulated in excess of the pre-pandemic trend shows a positive relationship vis-a-vis the extent of fiscal support.

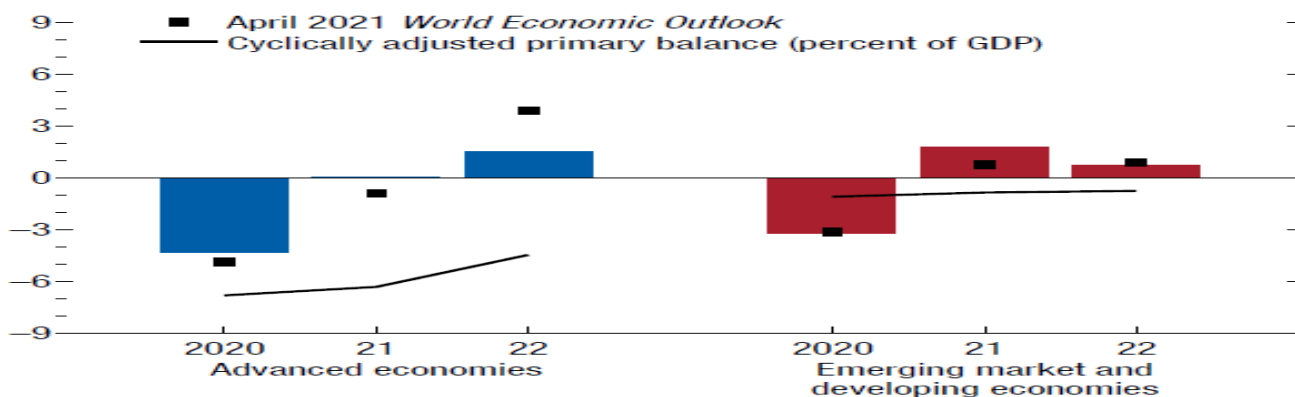


- Moreover, there are signs that historically low-saving countries have tended to accumulate greater savings in the wake of the COVID-19 crisis, putting their finances on firmer footing going forward. The forecast assumes a smooth handoff from extraordinary policy support to private activity-led growth, with some of the additional savings buildup retained in places where previous saving rates were low. Demand is assumed to pick up as vaccination coverage rises—given that vaccines seem to protect against severe illness. The speed with which this happens—and excess savings are drawn down—will influence the pace of the recovery and inflationary pressures (if supply is unable to adjust quickly enough).

**Figure 1.5. Fiscal Stance, 2020–22**

(Change in structural primary fiscal balance, percent of potential GDP)

Fiscal tightening is already under way in emerging market and developing economies and will pick up in advanced economies as well in 2022.



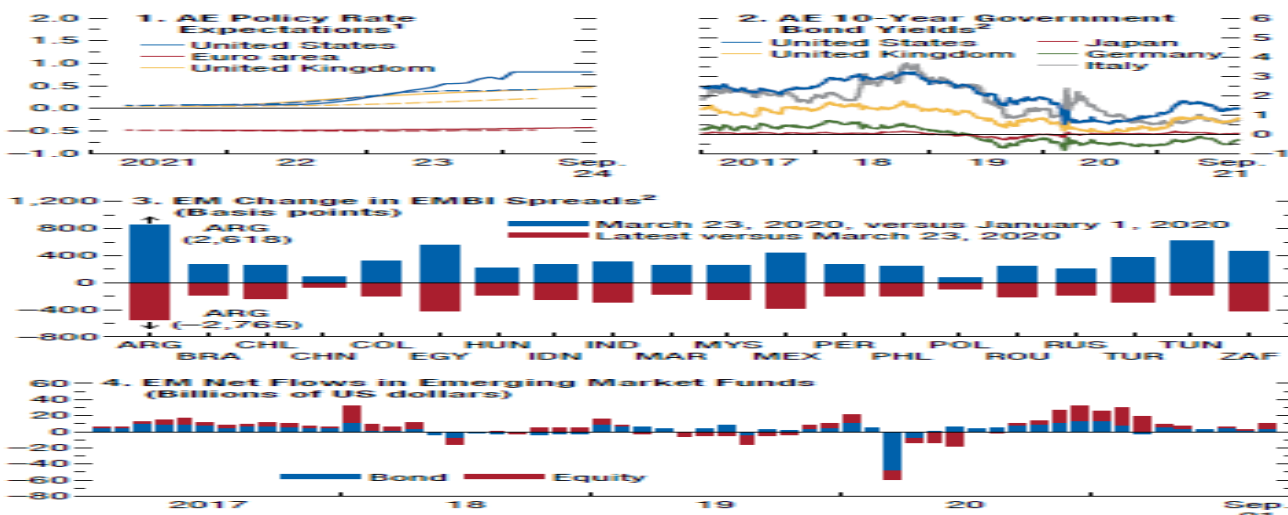
The forecast is predicated on financial conditions remaining supportive. Financial market sentiment has largely stayed attuned to the policy outlook as the recovery has proceeded. However, the high uncertainty around the conjuncture has also led to heightened sensitivity to any news, in particular about inflation prospects in advanced economies. The first quarter of 2021 and a brief period in June saw a bout of financial market volatility, with investors repositioning portfolio holdings as they reassessed the outlook for US inflation and monetary policy. Concerns about the spread of the Delta variant and associated implications for the recovery have also sparked episodes of volatility.

Even so, the overall picture is still one of broadly supportive financial conditions. Equity markets are buoyant, credit spreads remain tight, and net flows to emerging market economies have hitherto been broadly stable (particularly into hard currency bond funds). The global growth forecast is predicated on this support continuing.

**Figure 1.6. Monetary and Financial Conditions**

(Percent, unless noted otherwise)

Financial conditions are supportive and attuned to the recovery.







Advanced economies: Growth prospects for 2021 are revised down compared to the July forecast, largely reflecting downgrades to the United States (due to large inventory drawdowns in the second quarter, in part reflecting supply disruptions, and softening consumption in the third quarter); Germany (in part because of shortages of key inputs weighing on manufacturing output); and Japan (reflecting the effect of the fourth State of Emergency from July to September as infections hit a record level in the current wave). The US outlook incorporates the infrastructure bill recently passed by the Senate and anticipated legislation to strengthen the social safety net, equivalent to about \$4 trillion in spending over the next 10 years. The baseline also includes expected Next Generation European Union (EU) grants and loans for EU economies. Across advanced economies, an anticipated stronger rebound in the first half of next year, as vaccination proceeds, yields an upward revision to the growth forecast for 2022.

Emerging market and developing economies: The forecast for the group is marked up slightly compared to the July 2021 WEO Update, reflecting upgrades across most regions. China's prospects for 2021 are marked down slightly due to stronger-than-anticipated scaling back of public investment. Outside of China and India, emerging and developing Asia is downgraded slightly as the pandemic has picked up. Growth forecasts in other regions have been revised up slightly for 2021. The revisions in part reflect improved assessments for some commodity exporters outweighing drags from pandemic developments (Latin America and the Caribbean, Middle East and Central Asia, sub-Saharan Africa). Elsewhere, stronger-than-anticipated domestic demand in key regional economies further lifts the 2021 forecast (emerging and developing Europe).

The growth forecast for the low-income developing country group is marked down 0.6 percentage point relative to July, with the continuing slow rollout of vaccines as the main factor weighing on the recovery. IMF staff analysis indicates that low-income developing countries will require close to \$200 billion in spending to combat the pandemic and \$250 billion to regain the convergence paths they were on prior to the pandemic. Labor market prospects for low-skilled workers and youth continue to be relatively bleak compared to other demographic groups, pointing to increasing inequality and higher vulnerability to incomes falling below extreme poverty thresholds within countries in this group. About 65–75 million additional people are estimated to be in extreme poverty in 2021 compared to pre-pandemic projections.

(Source – <https://www.imf.org/en/Publications/WEO/weo-database/2021/October>)

## **INDIAN ECONOMY OVERVIEW**

### **Introduction**

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

### **Market size**

India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22.

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

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030's, for productivity and economic growth according to McKinsey Global Institute. Net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

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

### **Recent Developments**

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

- India's merchandise exports between April 2021 and August 2021 were estimated at US\$ 164.10 billion (a 67.33% YoY increase). Merchandise imports between April 2021 and August 2021 were estimated at US\$ 219.63 billion (an 80.89% YoY growth).



- In August 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 52.3.
- The gross GST (Goods and Services Tax) revenue collection stood at Rs. 112,020 crore (US\$ 15.21 billion) in August 2021.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 547.2 billion between April 2000 and June 2021.
- India's Index of Industrial Production (IIP) for July 2021 stood at 131.4 against 122.6 for June 2021.
- Consumer Food Price Index (CFPI) – Combined inflation was 3.11 in August 2021 against 3.96 in July 2021.
- Consumer Price Index (CPI) – Combined inflation was 5.30 in August 2021 against 5.59 in July 2021.
- Foreign portfolio investors (FPIs) invested US\$ 2.5 billion in India in August 2021.

## Government Initiatives

The first Union Budget of the third decade of 21st century was presented by Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman in the Parliament on February 1, 2020. The budget aimed at energising the Indian economy through a combination of short-term, medium-term and long-term measures.

In the Union Budget 2021-22, capital expenditure for FY22 is likely to increase by 34.5% at Rs. 5.5 lakh crore (US\$ 75.81 billion) over FY21 (BE) to boost the economy.

Increased government expenditure is expected to attract private investments, with production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded and measured policy support is anticipated to boost the Indian economy.

In September 2021, Prime Minister Mr. Narendra Modi approved the production-linked incentive (PLI) scheme in the textiles sector—for man-made fibre (MMF) apparel, MMF fabrics and 10 segments/products of technical textiles—at an estimated outlay of Rs. 10,683 crore (US\$ 1.45 billion).

In September 2021, the government approved a production-linked incentive (PLI) scheme for automobile and drone industries with an outlay of Rs. 26,058 crore (US\$ 3.54 billion) to boost the country's manufacturing capabilities.

In September 2021, Union Cabinet approved major reforms in the telecom sector, which is expected to boost employment, growth, competition and consumer interests. Key reforms include rationalisation of adjusted gross revenue, rationalisation of bank guarantees (BGs) and encouragement to spectrum sharing.

In September 2021, the government announced plans to release Rs. 56,027 crore (US\$ 7.62 billion) under various export promotion schemes to boost exports.

In August 2021, the Indian government approved Deep Ocean Mission (DOM) with a budget outlay of Rs. 4,077 crore (US\$ 553.82 million) over the next five years.

In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).

The Union Cabinet approved the production linked incentive (PLI) scheme for white goods (air conditioners and LED lights) with a budgetary outlay of Rs. 6,238 crore (US\$ 848.96 million) and the 'National Programme on High Efficiency Solar PV (Photo Voltaic) Modules' with an outlay of Rs. 4,500 crore US\$ 612.43 million).

In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.

To boost the overall audit quality, transparency and add value to businesses, in April 2021, the RBI issued a notice on new norms to appoint statutory and central auditors for commercial banks, large urban co-operatives and large non-banks and housing finance firms.

In May 2021, the Government of India has allocated Rs. 2,250 crore (US\$ 306.80 million) for development of the horticulture sector in 2021-22.



In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Mr. Narendra Modi, Prime Minister of India, launched Make in India initiative with an aim to boost country's manufacturing sector and increase purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

Some of the recent initiatives and developments undertaken by the Government are listed below:

- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.
- In August 2021, NITI Aayog and Cisco collaborated to encourage women's entrepreneurship in India.
- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US\$ 400 billion merchandise export target by FY22.
- In August 2021, Prime Minister Mr. Narendra Modi launched digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.
- In June 2021, RBI Governor, Mr. Shaktikanta Das announced the policy repo rate unchanged at 4%. He also announced various measures including Rs. 15,000 crore (US\$ 2.05 billion) liquidity support to contact-intensive sectors such as tourism and hospitality.
- In June 2021, Finance Ministers of G-7 countries, including the US, the UK, Japan, Italy, Germany, France and Canada, attained a historic contract on taxing multinational firms as per which the minimum global tax rate would be at least 15%. The move is expected to benefit India to increase foreign direct investments in the country.
- In June 2021, the Indian government signed a US\$ 32 million loan with World Bank for improving healthcare services in Mizoram.
- In May 2021, the Government of India (GoI) and European Investment Bank (EIB) signed the finance contract for second tranche of EUR 150 million (US\$ 182.30 million) for Pune Metro Rail project.
- According to an official source, as of September 15, 2021, 52 companies have filed applications under the Rs. 5,866 crore (US\$ 796.19 million) production-linked incentive scheme for the white goods (air conditioners and LED lights) sector.
- In May 2021, Union Cabinet has approved the signing of memorandum of understanding (MoU) on migration and mobility partnership between the Government of India, the United Kingdom of Great Britain and Northern Ireland.
- In April 2021, Minister for Railways and Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, launched 'DGFT Trade Facilitation' app to provide instant access to exporters/importers anytime and anywhere.
- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US\$ 110 billion by 2030.
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is going to increase public health spending to 2.5% of the GDP by 2025.
- For implementation of Agriculture Export Policy, Government approved an outlay Rs. 2.068 billion (US\$ 29.59 million) for 2019, aimed at doubling farmers income by 2022.

## Road Ahead

As per the data published in a Department of Economic Affairs report, in the first quarter of FY22, India's output recorded a 20.1% YoY growth, recovering >90% of the pre-pandemic output in the first quarter of FY20. India's real gross value added (GVA) also recorded an 18.8% YoY increase in the first quarter of FY22, posting a recovery of >92% of its corresponding pre-pandemic level (in the first quarter of FY20). Also, in FY21, India recorded a current account surplus at 0.9% of the GDP. The growth in the economic recovery is due to the government's continued efforts to accelerate vaccination coverage among citizens. This also provided an optimistic outlook to further revive industrial activities.



As per RBI's revised estimates of July 2021, the real GDP growth of the country is estimated at 21.4% for the first quarter of FY22. The increase in the tax collection, along with government's budget support to states, strengthened the overall growth of the Indian economy.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from 175 gigawatt (GW) by 2022. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

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

## **Manufacturing Industry in India**

### **Introduction**

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. Government aims to create 100 million new jobs in the sector by 2022.

### **Market Size**

India's gross domestic product (GDP) at current prices stood at Rs. 51.23 lakh crore (US\$ 694.93 billion) in the first quarter of FY22, as per the provisional estimates of gross domestic product for the first quarter of 2021-22. The manufacturing GVA at current prices was estimated at US\$ 97.41 billion in the first quarter of FY22.

India has potential to become a global manufacturing hub and by 2030, it can add more than US\$ 500 billion annually to the global economy.

The IHS Markit India Manufacturing Purchasing Managers' Index (PMI) stood at 53.7 in September 2021.

As per the survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), capacity utilisation in India's manufacturing sector stood at 72.0% in the second quarter of FY22, indicating significant recovery in the sector.

### **Road Ahead**

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country.

The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025. The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of US\$ 2.5 trillion along with a population of 1.32 billion people, which will be a big draw for investors. The Indian Cellular and Electronics Association (ICEA) predicts that India has the potential to scale up its cumulative laptop and tablet manufacturing capacity to US\$ 100 billion by 2025 through policy interventions.

With impetus on developing industrial corridors and smart cities, the Government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for the industrial development and will promote advance practices in manufacturing.

(Source - <https://www.ibef.org/industry/manufacturing-sector-india>)



## **BUSINESS OVERVIEW**

*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.*

*You should carefully consider all the information in this Draft Prospectus, including, “Risk Factors”, “Industry Overview”, “Financial Statements of our company” and “Management’s Discussion & Analysis of Financial Condition & Results of Operations” beginning on pages 19, 70, 118, and 142, respectively, before making an investment in the Equity Shares. In this section, any reference to the “Company” “we”, “us” or “our” refers to Quality RO Industries Limited.*

### **Overview**

Our company is engaged in the business of manufacturing, marketing and supplying components for water purifiers and softener equipment. These water purifiers parts have been designed to make a proper fitting for RO Plants and Systems of different varieties, as we produce strictly according to industry standards.

Our Company was originally incorporated on September 30, 2021 as “Quality RO Industries Private Limited” vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from “Quality RO Industries Private Limited” to “Quality RO Industries Limited” vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad.

We are engaged in the business of supplying of various water treatment products as well as logistics services. As a supplier, we procure polypropylene raw materials and manufacture various types of softener equipment such as filter parts, premium filter cartridges, taps, membrane housing and also engage in contractual manufacturing for the water treatment industry. Our company also make sales through online platforms. In addition, we are also engage in providing logistics services on a contractual basis to a few local infrastructure companies.

We have a management team with significant industry experience. Our Chairman and Managing Director, Mr. Vivek Dholiya has 4 years of experience in this industry. The experience of the Promoter has been instrumental in determining the vision and growth strategies for our Company. We further believe that our market position has been achieved by adherence to the vision of our Promoter and senior management team and their experience in the industry in which our Company operates.

Our Registered Office and factory is situated at Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.

Our Company is engaged in following areas: -

1. Manufacturing of Water softener equipment
2. Contract Manufacturing
3. Trading of RO equipment spares and associated products
4. Contractual Logistics to local infrastructure and manufacturing companies

### **Impact of COVID-19 on our business operations**

The pandemic outbreak has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. The demand for our products is dependent on and directly affected by factors affecting industries where our products are used. Despite the impact of Covid- 19 pandemic, our revenue from operations for the period ended November 30, 2021 was Rs 16.78 lakhs. Further, India is in the stage of distribution of vaccines, we cannot predict the timeline as to when the vaccines shall reach at mass level. We continue to closely monitor the impact that Covid-19 may have on our business and results of operations. It is difficult for us to predict the impact that Covid 19 will have on us, in the future. We continue to closely monitor the impact of the same.





## **OUR COMPANY OPERATIONS**

### **1. Manufacturing of Water softener equipment:**

Our company is engaged in the business of manufacturing spun filter cartridge (also commonly known as pp spun filter cartridge, spun polypropylene filter cartridge, spun water filter cartridge, spun sediment filter) which is a depth-filter cartridge with a 100% high purity polypropylene filter media. It has long on-stream life and broad chemical compatibility.

Quality RO spun filter cartridges are widely used as a pre-filter or final filter for industrial, such as spun filters for reverse-osmosis, pp spun filters for process water & groundwater remediation, poly spun filter cartridges for chemical process, pharmaceutical, and other applications. Our spun filter cartridges range from 0.5 to 120 microns with lengths from 5" to 40". For manufacturing, we procure polypropylene raw materials and manufacture various types of softener equipment such as filter parts, premium filter cartridges, taps, membrane housing etc.

Polypropylene (PP) is the most common media in the manufacturing process. Compared to pleated filters, they have a limited surface area and not have a wide chemical compatibility or operating temperature with wound filters, but they have the advantage of depth filtration. Spun filter cartridges can be used either as a pre-filter or final filter for industrial, chemical process, pharmaceutical, food/beverage, cosmetics, water, and other applications.

### **2. Contract Manufacturing:**

Our company is also engaged in contractual manufacturing based on die casting. During the die casting process, molten metal is forced into a mould cavity under high pressure. The moulds, also called dies, are made from non-ferrous metals such as zinc and aluminium. Manufacturers generally use die casting for high-volume production, especially for small to mid-sized castings. Die cast parts are ubiquitous, from everyday consumer objects such as sink faucets and steering wheels to industrial parts such as pneumatic nailers.

### **3. Trading of RO equipment spares and associated products:**

As a trader, our company is a reseller of RO equipment and spares. We purchase these items from wholesalers and resell it to smaller-sized businesses. At the moment, our trading segment is more focused on the B2B model.

### **4. Contractual Logistics to local infrastructure and manufacturing companies:**

Our company is also engaged in contractual logistics services to local infrastructure and manufacturing companies. Presently, while these services are outsourced to third-party providers, our Company intends to invest in logistic assets (viz. Trucks) and engage in contractual logistics services to local infrastructure companies, thereby generating carting income in the process.

## **OUR STRENGTHS**

### **Experienced management and dedicated employee base**

We have an experienced management team with significant experience in the industry. For details, relating to the experience of our management, please see the chapters titled, "Our Management" and "Our Promoter and Promoter Group" on page 100 and 113 of this Draft Prospectus. We believe this facilitates effective operational coordination and continuation of business strategies. Their individual industry experience enables us to anticipate and address market trends, manage and grow our operations. Further our employee base includes experienced senior executives. We believe that our management team and other Key Managerial Personnel are well qualified with significant market experience and has been responsible for the growth in our operations and have enabled us to extend our operational capabilities, improve the quality of services provided, continuously upgrade our process and achieve our growth in the industry.

### **Repeat orders**

We believe that meeting customer specific requirements and delivery of orders is one of the key growth. Our Company has made efforts to ensure customer satisfaction by taking steps for meeting customer specific requirements, timely delivery of orders to our customers as well as maintaining consistency in quality and this has yielded results in the form of repeat orders from our customers. The repeat orders reflect the confidence reposed in us by our customers.





### **Existing relationship with suppliers**

We manufacture components of water purifiers and acquire raw materials from several suppliers and have enduring relationship with them for a long time. We believe that our relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

### **Cost effective production and timely fulfilment of orders**

Timely fulfilment of orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

## **OUR STRATEGIES**

### **Expansion of our production capacity**

Our company is engaged in the business of manufacturing spun filter cartridge (also commonly known as pp spun filter cartridge, spun polypropylene filter cartridge, spun water filter cartridge, spun sediment filter) which is a depth-filter cartridge with a 100% high purity polypropylene filter media. We intend to increase our production capacity by way of purchasing a new machinery, details of which is mentioned in the chapter titled, “Objects of the Issue” beginning on page 58 of this Draft Prospectus. We believe our investment in this plant and machinery will add on to our current installed capacity, thus, enabling us to cater to the growing demand from our customers. This shall help us cater to expand our customer base and increase our revenue from operations.

### **Expand our Current Business Operations**

Our company is also engaged in contractual logistics services to local infrastructure and manufacturing companies. Presently, while these services are outsourced to third-party providers, our Company intends to invest in logistic assets (viz. Trucks) and engage in contractual logistics services to local infrastructure companies, thereby generating carting income in the process. Details for investment in logistic asset is mentioned in the chapter titled, “Objects of the Issue” beginning on page 58 of this Draft Prospectus. Contract Logistics services involve activities such as warehousing, transportation and distributing goods, processing orders and collecting payments and even providing certain aspects of customer service.

### **Improving operational efficiencies**

Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We intend to also reduce our cost of power consumed, for this we intend to install Solar Power Project with approx. 1450 kwh Capacity to battle the electricity costs. For further details, kindly refer to the chapter titled “Objects of the Issue” beginning on page 58 of this Draft Prospectus.

### **Optimal Utilization of Resources:**

Our Company constantly endeavors to optimize the utilization of resources. We have invested significant resources and intend to further invest in our activities to develop customized systems and processes to ensure effective management control. We regularly analyze our existing policies to be carried out for providing our products which enables us to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

## **FINANCIAL SNAPSHOT:**

**The financial information of our Company as per Restated Financial Statements for period November 30, 2021 are set forth below:**





<b>Particulars</b>	<b>(₹ in lakhs) As at November 30, 2021</b>
Equity Capital	140.00
Reserves and Surplus	18.27
Net worth	158.27
Total Revenue (including other income)	16.78
Profit/ (Loss) after tax	1.47





## OUR LOCATION

<b>Registered Office and Factory</b>	Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.
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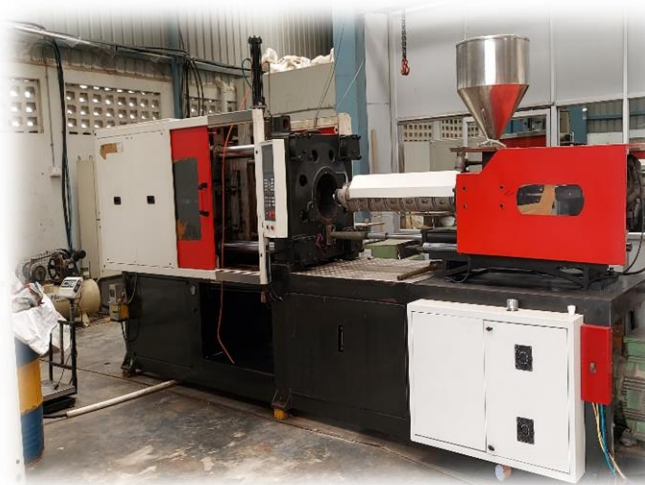
## OUR PRODUCTS

Products		Description
<b>1. Membrane Housing</b>		Membrane housing is a pressure vessel for loading membrane elements in a reverse osmosis water treatment system. Currently, there are three types of membrane housings with different materials for water treatment on the market: FRP (fiberglass reinforce plastic), stainless steel and PVC. However, in recent years, more and more reverse osmosis water treatment systems have chosen to use FRP membrane housing. This is because the FRP membrane housing has a strong advantage in terms of pressure bearing capacity, design size, material properties and operating temperature compared to stainless steel and PVC membrane shells. Our company manufacture member housing from Polypropylene and its weight range from 265 to 300 gm.
<b>2. Kent Tap</b>		Kent Tap is used as water dispenser for domestic reverse osmosis plant. This tap comes in weight of 30 gm and is made up of Polypropylene material. It is available in different colors like White, Blue, Green, Pink and Black.
<b>3. PP Spun Filter Cartridge</b>		Spun filters are manufactured through a process that thermally bonds pure Polypropylene microfibers with lower density at the outside surface and progressively higher density toward the center. The all-propylene construction provides excellent thermal & chemical compatibility with high & low pH chemicals. Also, the graded density design efficiently captures contaminants throughout the media matrix resulting in excellent contaminant holding capacity, increased lifetime & low pressure drop. Spun Bonded Cartridges can be used either as a pre-filter or final filter for industrial, chemical process, pharmaceutical, food/beverage, cosmetics, water and other applications. These Filters Spun cartridges are available in a wide range of lengths ranging from 5 inch to 40 inch and micron sizes from 90 to 900 gm.
<b>4. RO Bowl</b>		RO Bowl is a Pre filter housing unit installed in RO water purifier. This is used to pre-filter water so that the life of RO machine can be enhanced. The contaminated water gets filtered first in this bowl and after that goes to water purifier. It clears all the physical impurities from the raw water and also reduces the chances of damage to RO Membrane. Its weight range between 340 to 360 gm.



<b>5. Jug Tap</b>		<p>Jug Tap is used as water dispenser for Jugs. This tap comes in weight of 35 gm and is made up of Polypropylene material.</p>
<b>6. Dolphin Tap</b>		<p>Dolphin Tap is used as water dispenser for domestic reverse osmosis plant, Pet water dispenser and earthen pots. This tap comes in weight of 28 gm and is made up of Polypropylene material.</p>

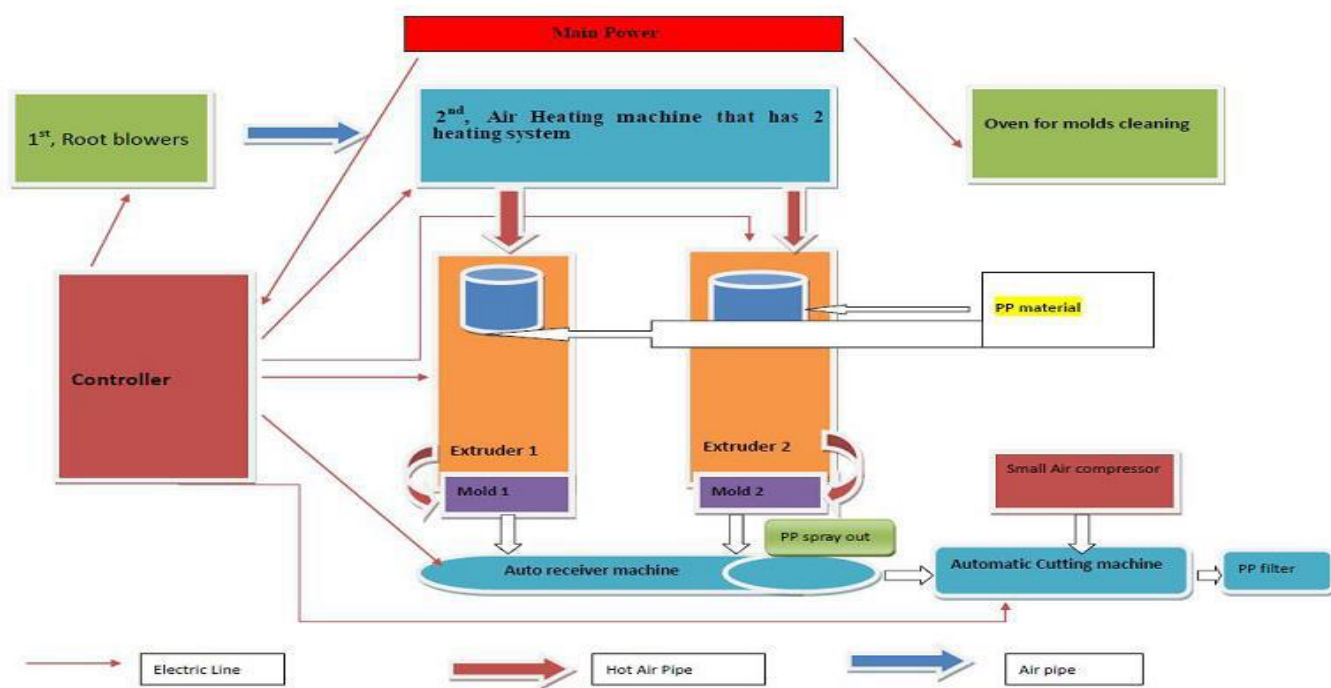
### **OUR MANUFACTURING FACILITY**







## OUR MANUFACTURING PROCESS:



This machine uses Polypropylene granules as primary raw material, which is domestically acquired and is checked for quality using random samples from each shipment batch.

### Steps:

1. Unload PP bags into container for import into Extruder machines
2. Start Main Power, Initiate Air Heating 1 and 2, Open Extruder Heating 1 and 2
3. Initiate Extruder Motor System, speed 200 r/min
4. Check Extruder's mould when PP Silk is released, adjust speed accordingly
5. Check initial PP Silk status, adjust the blower speed accordingly for optimum PP silk hardness
6. Receiver Balancing activity, initiate PP silk transmission
7. Add the holder and the roller spin until the surface is smooth, manually adjust spun based on required output diameter
8. Ensure the surface is smooth, direct the pp flow into auto cutting machine, adjust length



9. Automatic cutting machine will ensure pre-defined size cuts
10. Extruder, Heating Gun, speed adjust based on filter quality
11. Run the machine for as long as required until operating temperatures exceed permissible values (this may reach once a week; we keep Sunday as scheduled downtime for machine cool-down)
12. At the end of the manufacturing cycle:
  - a) Close the Air Heating gun, de-assemble the roller, Close Extruder
  - b) Close all Heating plugs, reduce blower speed to 700 and to zero thereafter
  - c) Remove and clean the PP spun on shaft and connecting plates
  - d) Wait for a minimum of 40 minutes to cool the moulds down
  - e) Stop the Blower, and close the main power

#### CAPACITY AND CAPACITY UTILIZATION:

Products Manufactured	November 02, 2021 to November 30, 2021	
	Installed	Utilized
Filter	70,000 units	30,000 units
RO Bowl	17,000 units	1,700 units
RO Housing	25,000 units	2,500 units

- Capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period.
- The above information is furnished on the basis of data provided and internal estimates and assumptions.

#### PLANT & MACHINERY: -

Our Company proposes to use Net Issue Proceeds to the extent to Rs. 139.72 Lakhs to meet capital expenditure requirement of the company. Capital Expenditure will be as follows

S.No.	Particulars	Quantity	Supplier	Quotation Amount (excluding taxes)
1.	PP Melt Blown Filter Cartridge Machine (2E&2M) - Electric Controller (ABB, OMRON, SCHENIDER, SSD) - Blower - Air Heater - Extruder #50 (ABB) - Mould (600 mm*0.4 mm) - Auto Feeder - Receiver Device (ABB, standard 28 mm) - Auto Cutter (Auto logo, Siemens PLC system) - Mold Cleaning Oven (Auto temperature controller) - Dotted and Grain Device - Small air compressor for cutting machine - Shrink film heating packing machine - 600 mm*0.4 mm extra molds	1 1 1 2 2 2 1 1 1 1 1 1 1 1 2	Arnav Impex*	35.60
2.	Solar Power Project with approx. 1450 kwh Capacity - Half Cut Mono Crystalline PERC 550 Watt - Solar String Inverters - Aluminum Monorail Structure for Metal Roof with SS Nuts & Accessories & Aluminum clamps. - CRC sheet Solar LT panel having multiple input MCCB and single output MCCB, SPD, Contactor & Relay - DC Side: Solar PV Cables TUV and AC Side: 4 core Aluminum Armored cable with efficient output - Earthing cable (Copper) GI Strips & Earthing Rods (Copper), Conduits, Lightning Arrestor (Copper / Copper Bonded)	1	Rudraksha Renewable Solutions	43.00



3.	SIGNA 4825.TK 6.7L 68WB SLPR G1150 10X4 SRT109 Bogie 11R20 FBV 29Box AC THU (Ex Showroom Price)	1	Shree Ambica Auto Sales and Service	61.12
<b>Total</b>				<b>139.72</b>

\* The Quotation from Arnav Impex is valid till February 04, 2022 and Quotation from Rudraksha Renewable Solutions is valid till February 20, 2022. However, our management are confident enough that such products will be available at quotation price only at the time of purchasing such assets.

Our company has not placed any order for above plant and machinery till the date of this Draft Prospectus.

#### **COLLABORATIONS/TIE UPS/ JOINT VENTURES:**

As on date of the Draft Prospectus, we do not have any Collaboration/Tie Ups/ Joint Ventures.

#### **EXPORT OBLIGATION:**

Our Company does not have any export obligation as on date.

#### **UTILITIES AND INFRASTRUCTURE FACILITIES: -**

Our registered Office and factory is situated at Vadodara, Gujarat which is well equipped with computer systems, internet connection, other communication equipment's and other facilities. We consume a substantial amount of power for our business operations. Our power requirements are met through state electricity boards. To battle our increasing electricity costs, we are installing Solar Power Project with approx. 1450 kwh Capacity, details of which is mentioned in the chapter titled, "Objects of the Issue" beginning on page 58 of this Draft Prospectus. The places of operations have adequate power supply position from the public supply utilities. Water sources are available from municipal water supply.

#### **HUMAN RESOURCES**

We have experienced Promoter and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for its kind of business. Our senior management team consists of experienced individuals with diverse skills in trading, compliance, and finance. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth.

As on November 30, 2021 we have 7 employees at the Registered Office including our directors. Our work processes and skilled resources together with strong management team have enabled us to successfully implement our growth plans. In addition, we also engage in contractual labor as and when the production requirement mandates.

#### **Pricing**

We determine the prices for our products based on various parameters, including market demand, transportation costs, raw materials costs, inventory levels and credit terms.

#### **Raw Materials**

Our principal raw material is Polypropylene. Procurement of these raw materials is done from domestic market. The material is on the basis of the rates offered by supplier. We believe our domain expertise and continued engagement with suppliers has enabled us to develop a healthy relationship with them.

#### **MARKETING AND ADVERTISING: -**

Marketing is an important function of our organization. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoter, Mr. Vivek Dholiya, through their experience and good rapport with clients owing to timely and quality delivery of products and Services plays an instrumental role in creating and expanding a work platform for our Company.





### **Marketing Strategy:**

We intend to focus on following marketing strategies:

1. Focus on existing markets and increasing our customer base.
2. Emphasizing on Products and Services with Value Added.
3. Efficient delivery of goods to attain customer satisfaction.

### **COMPETITION: -**

We face the competition in our business from other existing manufacturers of same products. We compete with our competitors on a regional or product line basis. Many of our competitors have substantially large capital base and resources than we do and offer broader range products. We believe that the principal factors affecting competition in our business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the products.

Our industry is highly competitive while being unorganized and fragmented. This market is not governed directly by any regulations or any governmental authority. The players in the informal education market are mostly small and unrecognized. We face competition from both organized and unorganized players in the market and more specifically from different players for different sections to which we offer our Products.

### **INSURANCE**

Our operations are subject to various risks inherent in our industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events covering damage to plant and machinery and stocks. These insurance policies are renewed periodically to ensure that the coverage is adequate. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

### **Inventory Management**

Our finished products and raw materials are mainly stored on-site at our manufacturing facility. We produce a quantity of finished products that is determined based on a combination of confirmed and expected orders.

### **Logistics**

We transport raw materials and finished products primarily by road. Our suppliers directly deliver raw materials to our manufacturing facility. We outsource the delivery of our products to either third-party logistics companies or as mutually decided between the customer and Company.

### **Information technology**

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and receivables from customers.

### **Repair and maintenance**

We conduct periodic repair and maintenance programs for our manufacturing facility. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plants and machinery on an as-needed basis.

### **Quality Control**

We place significant emphasis on quality control. We inspect the raw materials we receive, work-in-progress and final products. We have implemented internal procedures to ensure quality control at various stages of production, from procurement of raw material, production to inventory storage. Our manufacturing facility has personnel responsible for monitoring the parameters of equipment, technical parameters of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly.



## Environment, Health & Safety

Our activities are subject to various environmental laws and regulations which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes and employee health and employee safety. For further information, see “Key Regulations and Policies” beginning on page 88. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information, see “Government and Other Approvals” beginning on page 157 of this Draft Prospectus.

## INTELLECTUAL PROPERTY

The Details of Domain Name registered on the name of the Company is: -

S. No.	Domain Name and ID	Sponsoring Registrar and IANA ID	Registrant Name	Creation Date	Registration Expiry Date
1.	Domain Name – <a href="http://www.qualityro.in">www.qualityro.in</a> Domain ID - DFEDBFA0EA6B649B182F5076AE75AD16C-IN	Registrar: GoDaddy.com, LLC Registrar IANA ID: 146	Registrant Name: Mr. Vivek Dholiya*	11-09-2021	11-09-2023

\* Our Company has executed the assignment agreement dated December 15, 2021 for exclusive use of domain with our Promoter and Managing Director Mr. Vivek Dholiya.

## IMMOVABLE PROPERTY

Details of our properties are as follows: -

S. No.	Details of the Property	Licensor/Lessor /Vendor	Owned/ Leased	Consideration/ Lease Rental/ License Fees (in Rs.)	Use
1.	Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.	Mr. Vivek Dholiya	Leased	Leave and license Agreement dated November 25, 2021 made between Mr. Vivek Dholiya and Quality RO Industries Private Limited through its Director Mrs. Damini Dholiya for period of 36 months beginning from November 03, 2021 on monthly license of Rs. 25,000/-	Registered Office and Factory
2	Plot No. 8A, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.	[●]	Owned	[●]	For Expansion of Factory

Note – Our Company has purchased the property situated at Plot No. 8A, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India but the same is pending for registry with authorities.



## **KEY REGULATIONS AND POLICIES**

*The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see the section titled “Government and Other Approvals” on page 157 of this Draft Prospectus.*

### **THE COMPANIES ACT**

The consolidation and amendment in the law relating to the Companies Act, 1956 made way to the enactment of the Companies Act, 2013 and rules made thereunder.

The Companies Act primarily regulates the formation, financing, functioning and restructuring of Companies as separate legal entities. 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 laid 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.

### **SEBI REGULATIONS:**

Securities and Exchange Board of India is the regulatory body for securities market transactions including regulation of listing and delisting of securities. It forms various rules and regulations for the regulation of listed entities, transactions of securities, exchange platforms, securities market and intermediaries thereto. Apart from other rules and regulations, listed entities are mainly regulated by SEBI Act, 1992, Securities Contract Regulation Act, 1956, Securities Contracts (Regulation) Rules, 1957, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015.

### **TAX RELATED REGULATIONS**

#### **Income Tax Act, 1961**

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of Income” involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 30th September of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and like are also required to be complied by every Company.

#### **Goods and Service Tax Act, 2017**

The Central Goods and Services Tax Act, 2017 is an Act to make a provision for levy and collection of tax on intra-State supply of goods or services or both by the Central Government and for matters connected therewith or incidental thereto. In line with CGST Act, each state Governments has enacted State Goods and Service Tax Act for respective states.

Goods and Services Tax (GST) is a comprehensive indirect tax on manufacture, sale and consumption of goods and services throughout India to replace taxes levied by the Central and State Governments. This method allows GST-registered businesses to claim tax credit to the value of GST they paid on purchase of goods or services or both as part of their normal commercial activity. The mechanism provides for two level taxation of interstate and intra state transactions. When the supply of goods or services happens within a state called as intra-state transactions, then both the CGST and SGST will be collected. Whereas if the supply of goods or services happens between the states called as inter-state transactions and IGST will be collected. Exports are considered as zero-rated supply and imports are levied the same taxes as domestic goods and services adhering to the destination principle in addition to the Customs Duty which has not been subsumed in the GST.



## **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administrated by Central Board of Excise and Customs under the Ministry of Finance

## **BUSINESS / TRADE RELATED LAWS / REGULATIONS**

### **Plastic Waste Management (PWM) Rules, 2016**

The government of India, through the Ministry of Environment, Forest and Climate Change notified the new Plastic Waste Management Rules, 2016 (through a Gazette notification dated 18 March, 2016). This supersedes the Plastic Waste (Management and Handling) Rules, 2011 that governed such activities earlier. This provides the framework for how plastic waste generators, local bodies, manufacturers, importers etc., to manage plastic waste.

### **The Bureau of Indian Standards Act, 1986**

The Bureau of Indian Standards Act, 1986 ("BIS Act") was established to provide for the establishment of a bureau ("Bureau") for the harmonious development of the activities of standardization, marking and quality certification of goods and for matters connected therewith. "Indian Standard" means the standard (including any tentative or provisional standard) established and published by the Bureau, in relation to any article or process indicative of the quality and specification of such article or process and includes - (i) any standard recognized by the Bureau under clause (b) of section 10 of the BIS Act; and (ii) any standard established and published, or recognized, by the Indian Standards Institution and which is in force immediately before the date of establishment of the Bureau. Bureau of Indian Standards (BIS) has developed IS standard (IS 16240: 2015) for Reverse Osmosis (RO) based Point of Use (PoU) Water Treatment System and providing Type approval for RO based Water Purifier.

### **Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")**

The 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.

### **Environment (Protection) 115 Amendment Rules, 2021**

Hon'ble National Green Tribunal in the matter of O.A. no.134/ 2015 titled "Friends through its General Secretary vs Ministry of Water Resources" vide order dated the 20th May, 2019 directed the Ministry of Environment, Forest and Climate Change (MoEF&CC) to come out with Regulation on Appropriate Use of Reverse Osmosis Based Water Purification System. MoEF&CC in compliance to the directions of Hon'ble Supreme Court of India, considered the material / justification provided by the Water Quality India Association and vide Office Memorandum dated the 18th November, 2019 constituted Technical Committee to review the draft notification on Regulation on Appropriate Use of Reverse Osmosis Based Water Purification System; Accordingly, Bureau of Indian Standards (BIS) has developed IS standard (IS 16240: 2015) for Reverse Osmosis (RO) based Point of Use (PoU) Water Treatment System and providing Type approval for RO based Water Purifier. These rules aim to regulate the licensing and management of discarded elements from both, Domestic as well Other Than Domestic Water Purifying Systems DWPS and ODWPS as per the Bureau of Indian Standards and Plastic Waste Management Rules, 2016; Hazardous Waste Management Rules, 2016. These rules were notified on October 04, 2021 and shall come into force on expiry of a period of 18 months from the date of their publication in the Official Gazette.

### **E-waste (Management) Rules, 2016 ("E-Waste Rules")**

The E-Waste Rules, apply to every manufacturer, producer, consumer, bulk consumer, collection centers, dealers, retailer, refurbished, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment listed in Schedule I appended to the E-Waste Rules. It also includes the



components, consumables, parts, and spares which make the product operational. The manufacturers, dealers, e-retailers, and refurbishes have been brought under the ambit of the E-Waste Rules to ensure that e-waste is effectively channelized and disposed of. The manufacturer has to undertake authorization from the concerned state pollution control board, collect the e-waste which is generated during the manufacturing process and channelizes it for recycling or disposal, ensure that no damage is caused to the environment during storage and transportation of e-waste, maintain records of e-waste generated, and file annual returns to the concerned E-Waste Rules. The E-Waste Rules, have also prescribed the responsibilities of the dealer, refurbishes, and the state government to ensure that the e-waste is effectively channelized and disposed of.

### **Environment Impact Assessment Notification of 2006**

The Ministry of Environment, Forests and Climate Change has notified the Environment Impact Assessment Notification of 2006 in September 2006. The notification makes it mandatory for various projects to get environment clearance.

### **OTHER GENERAL REGULATIONS**

#### **The Micro, Small and Medium Enterprises Development Act, 2006 (“MSME Act”):**

MSME Act was enacted to provide for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises. Any person who intends to establish (a) a micro or small enterprise, at its discretion; (b) a medium enterprise engaged in providing or rendering of services may, at its discretion; or (c) a medium enterprise engaged in manufacture or production of goods pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 is required to file a memorandum before such authority as specified by the State Government or the Central Government. The form of the memorandum, the procedure of its filing and other matters incidental thereto shall be such as may be specified by the Central Government, based on the recommendations of the advisory committee. Accordingly, in exercise of this power under the MSME Act, the Ministry of Micro, Small and Medium Enterprises notification dated September 18, 2015 specified that every micro, small and medium enterprises is required to file a Udyog Adhaar Memorandum in the form and manner specified in the notification.

#### **The Indian Contract Act, 1872**

The Contract Act is the legislation which lays down the general principles relating to formation, performance and enforceability of contracts. The rights and duties of parties and the specific terms of agreement are decided by the contracting parties themselves, under the general principles set forth in the Contract Act. The Contract Act also provides for circumstances under which contracts will be considered as ‘void’ or ‘voidable’. The Contract Act contains provisions governing certain special contracts, including indemnity, guarantee, bailment, pledge, and agency.

#### **The Foreign Trade (Development & Regulation) Act, 1992**

The Foreign Trade (Development and Regulation) Act, 1992 read along with relevant rules inter-alia 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 authorized 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 authorized 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 (“FEMA”) and Regulations framed there under.**

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India. As laid down by the FEMA Regulations no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the ‘automatic route’ within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (“FEMA Regulations”) to prohibit, restrict or regulate,





transfer by or issue security to a person resident outside India and Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 for regulation on exports of goods and services.

### **The Information Technology (Amendment) Act, 2008 (IT Act)**

The Information Technology Act, 2000 (also known as “ITA-2000”, or the “IT Act”) is an Act of the Indian Parliament (No 21 of 2000) notified on 17 October 2000. It is the primary law in India dealing with cybercrime and electronic commerce. The Act provides legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers' Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto. A major amendment was made in 2008 introducing Sections 66A and 69 giving wide powers to the government authorities.

### **Competition Act, 2002**

The Competition Act, 2002 prohibits 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, 2002. The provisions of the Competition Act relating to combinations were notified on March 4, 2011 and came into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act.

### **Negotiable Instruments Act, 1881 (“NI Act”)**

The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honored by their bankers and returned unpaid.

### **Consumer Protection Act, 2019**

Few of the provisions of The Consumer Protection Act, 2019 (“COPRA”) have been notified vide notification No. S.O. 2421(E), dated 23rd July 2020 thus repealing the respective provisions of Consumer Protection Act, 1986. However the provisions of Consumer Protection Act, 1986, are still valid to the extent COPRA being not notified. The Consumer Protection Act provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The COPRA has brought e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The COPRA also provides for mediation cells for early settlement of the disputes between the parties.

### **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 and for matters connected therewith or incidental thereto. The main objectives of the Act is to comprehensively cover international and commercial arbitration and conciliation as also domestic arbitration and conciliation, to make provision for an arbitral procedure which is fair, efficient and capable of meeting the needs of the specific arbitration, to provide that the arbitral tribunal gives reasons for its arbitral award, to ensure that the arbitral tribunal remains within the limits of its jurisdiction, to minimize the supervisory role of courts in the arbitral process, to permit an arbitral tribunal to se mediation, conciliation or other procedures during the arbitral proceedings to encourage settlement of disputes, to provide that every final arbitral award is enforced in the same manner as if it were a decree of the court, to provide that a settlement agreement reached by the parties as a result of conciliation proceedings will have the same status and effect as an arbitral award on agreed terms on the substance of the dispute rendered by an arbitral tribunal and to provide that, for purposes of enforcement of foreign awards, every arbitral award made in a country to which one of the two International Conventions relating to foreign arbitral awards to which India is a party applies, will be treated as a foreign award.





## **PROPERTY RELATED LAWS**

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

## **LAWS RELATED TO ENVIRONMENTAL LAWS**

### **National Environmental Policy, 2006**

The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource.

### **FIA Notification, 2006 (Ministry of Environment and Forests)**

As per the Ministry of Environment and Forests, a draft notification has been published in 2006 under sub-rule (3) of Rule 5 of the Environment (Protection) Rules, 1986. It imposes certain restrictions and prohibitions on new projects or activities, or on the expansion or modernization of existing projects or activities based on their potential environmental impacts as indicated in the Schedule to the notification, being undertaken in any part of India. This notification emphasizes the need for taking prior environmental clearance in case of new projects or activities or expansion of already existing activities in accordance with the objectives of National Environment Policy that has approved by the Union Cabinet on 18<sup>th</sup> May, 2006 and the procedure specified in the notification, by the Central Government or the State or Union territory Level.

### **National Green Tribunal Act, 2010 (the “NGT Act”)**

The NGT Act is an act under which the National Green Tribunal (“NGT”) has been constituted for the effective and expeditious disposal of cases relating to environmental protection and conservation of forests and other natural resources including enforcement of any legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected therewith or incidental thereto. The Tribunal's jurisdiction in environmental matters shall provide speedy environmental justice and help reduce the burden of litigation in the higher courts. The Tribunal shall not be bound by the procedure laid down under the Code of Civil Procedure, 1908, but shall be guided by principles of natural justice. The tribunal is mandated to make and endeavor for disposal of applications or appeals finally within 6 months of filing of the same. Initially, the NGT is proposed to be set up at five places of sittings and will follow circuit procedure for making itself more accessible; New Delhi is the Principal Place of Sitting of the Tribunal and Bhopal, Pune, Kolkata, Allahabad and Chennai shall be the other place of sitting of the Tribunal.

### **Environment (Protection) Act, 1986 as amended (“EPA”)**

The 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. Pollution control boards have been constituted in all states in India to exercise the powers and perform the functions provided for under these statutes for the purpose of preventing and controlling pollution. Companies are required to obtain consents of the relevant state pollution control boards for emissions and discharge of effluents into the environment.

Other environment related laws are Water (Prevention and Control of Pollution) Act, 1981, Air (Prevention and Control of Pollution) Act, 1981, Noise Pollution (Regulation & Control) Rules 2000 (“Noise Regulation Rules”).

## **LAWS RELATED TO THE STATE:**

### **Shops and Establishments Laws in Various States**

As per the provisions of local Shops and Establishments laws applicable in the state of Haryana establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave,



termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

### **The State Stamp Act,**

Stamp duty is payable on all instruments/ documents evidencing a transfer or creation or extinguishment of any right, title or interest in immoveable property. The Indian Stamp Act, 1899 (the “Stamp Act”) provides for the imposition of stamp duty at the specified rates on instruments listed in Schedule I of the Stamp Act. However, under the Constitution of India, the states are also empowered to prescribe or alter the stamp duty payable on such documents executed within the state. Instruments chargeable to duty under the Stamp Act but which have not been duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments by certain specified authorities and bodies and imposition of 138 penalties, for instruments which are not sufficiently stamped or not stamped at all. Instruments which have not been properly stamped instruments can be validated by paying a penalty of up to 10 times of the total duty payable on such instruments.

### **Professions, Trade, Callings and Employments Act in Various States**

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 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.

### **Approvals from Local Authorities**

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

## **LAWS RELATING TO INTELLECTUAL PROPERTY**

### **Copyright Act, 1957 (“Copyright Act”)**

The Copyright Act grants protection to the authors of literary, artistic, dramatic, musical, photographic, cinematographic or sound recording works from unauthorized uses. Various rights including ownership and economic rights are conferred on the author. These include the right to reproduce the work in any form, issue copies to the public, perform it, and offer for sale and hire.

### **Trademarks Act, 1999**

Under the Trademarks Act, 1999 (“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. A ‘mark’ may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof.

### **The Designs Act, 2000 (Designs Act)**

The objective of Designs Act it to promote and protect the design element of industrial production. It is also intended to promote innovative activity in the field of industries. The Controller General of Patents, Designs and Trade Marks appointed under the Trademarks Act shall be the Controller of Designs for the purposes of the Designs Act. When a design is registered, the proprietor of the design has copyright in the design during ten years from the date of registration.



## **LAWS RELATED TO EMPLOYMENT OF MANPOWER:**

### **Employees Provident Fund and Miscellaneous Provisions Act, 1952**

Under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (EPF Act), compulsory provident fund, family pension fund and deposit linked insurance are payable to employees in factories and other establishments. The legislation provides that an establishment employing more than 20 (twenty) persons, either directly or indirectly, in any capacity whatsoever, is either required to constitute its own provident fund or subscribe to the statutory employee's provident fund. The employer of such establishment is required to make a monthly contribution to the provident fund equivalent to the amount of the employee's contribution to the provident fund. 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.

### **Employees State Insurance Act, 1948, as amended (the "ESIC Act")**

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

### **Payment of Gratuity Act, 1972, as amended (the "Gratuity Act")**

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

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

### **The Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code, 2020 received the assent of the President of India on September 28, 2020 and proposes to subsume certain existing legislations, including the Factories Act, 1948, the Contract Labour (Regulation and Abolition) Act, 1970, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 and the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996. The provisions of this code will be brought into force on a date to be notified by the Central Government. The Central Government has issued the draft rules under the Occupational Safety, Health and Working Conditions Code, 2020. The draft rules provide for operationalization of provisions in the Occupational Safety, Health and Working Conditions Code, 2020 relating to safety, health and working conditions of the dock workers, building or other construction workers, mines workers, inter-state migrant workers, contract labour, journalists, audio-visual workers and sales promotion employees.

### **The Code on Social Security, 2020**

The Code on Social Security, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume certain existing legislations including the Employee's Compensation Act, 1923, the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, the Payment of Gratuity Act, 1972, the Building and Other Construction Workers' Welfare Cess Act, 1996 and the Unorganized Workers' Social Security Act, 2008. The provisions of this code will be brought into force on a date to be notified by the Central Government. The Central Government has issued the draft rules under the Code on Social Security, 2020. The draft rules provide for operationalization of provisions in the Code on Social Security, 2020 relating to employees' provident fund, employees' state insurance corporation, gratuity, maternity benefit, social security and cess in respect of building and other construction workers, social security for unorganized workers, gig workers and platform workers.

In addition to above, we are subject to wide variety of generally applicable labour laws concerning condition of working, benefit and welfare of our laborers and employees such as the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Employees (Provident Fund and Miscellaneous Provision) Act, 1952.



### **The Industrial Relations Code, 2020**

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Union Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

### **Apprentice Act, 1961 read with The National Policy of Skill Development and Entrepreneurship 2015,**

The Apprentices Act, 1961 was enacted with the objective of regulating the program of training of apprentices in the industry by utilizing the facilities available therein for imparting on-the-job training. The National Policy of Skill Development and Entrepreneurship 2015, launched by the Hon'ble Prime Minister on 15th July, 2015, focuses on apprenticeship as one of the key program for creating skilled manpower in India. The Apprentices Act, 1961 makes it obligatory for employers to engage apprentices under a duly executed contract, in designated trades and in optional trades. Directorate General of Training (DGT) under Ministry of Skill Development & Entrepreneurship monitors the implementation of the scheme of apprenticeship training. All establishments having work force (regular and contract employees) of 30 or more are mandated to undertake Apprenticeship Programs in a range from 2.5% -15% of its workforce every year.

Certain other laws and regulations that may be applicable to our Company in India include the following:

- Public Liability Insurance Act, 1991 ("PLI Act")
- Industrial (Development and Regulation) Act, 1951 ("IDRA")
- Industrial Disputes Act, 1947 ("ID Act")
- Payment of Bonus Act, 1965 ("POB Act")
- Child Labour (Prohibition and Regulation) Act, 1986
- Inter-State Migrant Workers (Regulation of Employment and Conditions of Service) Act, 1979
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWW Act")
- Equal Remuneration Act, 1976 ("ER Act")
- Contract Labour (Regulation and Abolition) Act, 1970 (CLRA) and Contract Labour (Regulation and Abolition) Central Rules, 1971 (Contract Labour Rules)
- Workmen Compensation Act, 1923 ("WCA")
- Maternity Benefit Act, 1961 ("Maternity Act")
- Industrial Employment Standing Orders Act, 1946
- The Employees Compensation Act, 1923 ("EC Act") and the rules framed thereunder
- Minimum Wages Act, 1948 ("MWA") and the rules framed thereunder

### **Other regulations:**

In addition to the above, the Company is required to comply with the provisions of the Civil Code of Procedure, 1908, Criminal Code of Procedure, 1973 and other applicable statutes imposed by the Centre or the State for its day-to-day operations.



## **HISTORY AND CORPORATE STRUCTURE**

### **Brief History and Background**

Our Company was originally incorporated on September 30, 2021 as “Quality RO Industries Private Limited” vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from “Quality RO Industries Private Limited” to “Quality RO Industries Limited” vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad. The Corporate Identity Number of our Company is U29308GJ2021PLC126004.

As on date of this Draft Prospectus, our Company has Seven (7) shareholders.

For information on our Company’s profile, activities, services, market, growth, technology, managerial competence, standing with reference to prominent competitors, major suppliers, please refer the sections entitled “Industry Overview”, “Business Overview”, “Our Management”, “Financial information of our Company” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 70, 78, 100, 118 and 142 respectively.

### **Address of Registered Office:**

The Registered Office of the Company is situated at Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara - 391243, Gujarat, India.

### **Changes in Registered Office of the Company since incorporation**

There has not been any change in our Registered Office since incorporation till date of this Draft Prospectus.

### **Our Main Object**

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. To engage in the business of manufacturing, marketing and supplying components for Water Purifiers and Softener Equipment, predominantly as a B2B Provider.

### **Changes in Memorandum of Association**

Except as stated below there has been no change in the Memorandum of Association of our Company since its Incorporation:

Sr. No.	Particulars	Date of meeting	Type of Meeting
1.	Increase in Authorised Capital of the Company from Rs. 1,00,000 (One Lakhs) divided into 10,000 equity shares of Rs. 10/- each to Rs. 2,00,00,000 (Two Crores) divided into 20,00,000 equity shares of Rs. 10/- each	November 02, 2021	Extra-Ordinary General Meeting
2.	Conversion of Company into Public limited Company and change in name of company from Quality RO Industries Private Limited to Quality RO Industries Limited vide fresh Certificate of Incorporation issued by Registrar of Companies, Ahmedabad dated December 13, 2021	November 29, 2021	Extra-Ordinary General Meeting

### **Key Events and Mile Stones**

Year	Key Events / Milestone / Achievements
2021	Incorporation of our company in the name and style of “Quality RO Industries Private Limited”.
2021	Company has taken-over the running business of Proprietorship firm of our Promoter i.e. M/s Quality RO Products for expansion of the business of Company.
2021	Converted into Public Limited Company vide fresh certificate of incorporation dated December 13, 2021



## **Other Details about our Company**

For details of our Company's activities, products, growth, technology, marketing strategy, competition and our customers, please refer section titled "Business Overview", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Basis for Issue Price" on pages 78, 142 and 64 respectively of this Draft Prospectus. For details of our management and managerial competence and for details of shareholding of our Promoters, please refer "Our Management" and "Capital Structure" beginning on pages 100 and 47 of this Draft Prospectus respectively.

## **Acquisition of Business/Undertakings & Amalgamation, Merger, Amalgamation or Revaluation of Assets in last 10 years**

We have acquired the running business of Proprietorship firm M/s Quality RO Products with effect from November 02, 2021 which is engaged in manufacturing of RO parts.

Except as disclose above and in this Draft Prospectus, there has been no acquisition of business/undertakings, mergers, amalgamation or revaluation of assets in the last 10 years.

## **Holding Company**

As on the date of this Draft Prospectus, our Company is not a subsidiary of any company.

## **Subsidiary of our Company**

As on the date of this Draft Prospectus, our company does not have any Subsidiaries/Holdings and Joint Ventures.

## **Capital raising (Debt / Equity)**

For details in relation to our capital raising activities through equity, please refer to the section titled "Capital Structure" beginning on page 47 of this Draft Prospectus. For details of our Company's debt facilities, please refer section "Financial Information of our Company" on page 118 of this Draft Prospectus.

## **Time and Cost overruns in setting up projects**

There has been no time / cost overrun in setting up projects by our Company.

## **Injunction or restraining order**

There are no injunctions/ restraining orders that have been passed against the Company.

## **Revaluation of Assets**

Our Company has not revalued its assets since incorporation

## **Defaults or Rescheduling of borrowings with financial institutions/banks and Conversion of loans into Equity Shares**

There have been no defaults or rescheduling of borrowings with any financial institutions/banks as on the date of this Draft Prospectus. Furthermore, except as disclosed in chapter titled "Capital Structure" beginning on Page 47 of this Draft Prospectus, none of the Company's loans have been converted into equity in the past.

## **Lock-out or strikes**

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lockouts except the lockdown as directed by Government of India during the pandemic situation of Covid-19 all over India.

As on the date of this Draft Prospectus, our employees are not unionized.

## **Shareholders of our Company:**

Our Company has Seven (7) shareholders as on the date of this Draft Prospectus. For further details on the shareholding pattern of our Company, please refer to the section titled "Capital Structure" beginning on page 47 of this Draft Prospectus.





### **Changes in the Management**

For details of change in Management, please see chapter titled “Our Management” on page 100 of this Draft Prospectus.

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

There has been no change in the business activities of our Company since incorporation which may have had a material effect on the profit/loss account of our Company except our company has taken-over the running business of proprietorship firm M/s Quality RO Products with effect from November 02, 2021 which is engaged in manufacturing of RO parts.

Further except as above and as mentioned in Material development in chapter titled “Management’s discussion and analysis of financial conditions & results of operations” beginning on page 142 of this Draft Prospectus.

### **Shareholders Agreements**

As on the date of this Draft Prospectus, 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.

### **Collaboration Agreements**

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

### **Material Agreement**

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

### **Non-Compete Agreement**

Our Company has not entered into any Non-compete Agreement as on the date of filing of this Draft Prospectus.

### **Joint Venture Agreement**

Except the agreements entered in the ordinary course of business carried on or intended to be carried on by us, we have not entered into any other Joint Venture agreement.

### **Strategic Partners**

Except as mentioned in this Draft Prospectus, Our Company does not have any strategic partners as on the date of this Draft Prospectus.

### **Financial Partners**

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

### **Corporate Profile of our Company**

For details on the description of our Company’s activities, the growth of our Company, please see “Business Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and “Basis of Issue Price” on pages 78, 142 and 64 of this Draft Prospectus.

### **Launch of Key Products Or Services, Entry Or Exit In New Geographies**

For details of launch of key products or services, entry in new geographies or exit from existing markets, capacity or facility creation and the location of plants, please see section titled “Business Overview” beginning on page 78 of this Draft Prospectus.

**Agreements with Key Managerial Personnel, Director, Promoter or any Other Employee**

There are no agreements entered into by key managerial personnel or a Director or Promoter or any other employee of the Company, 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 Agreements**

Except the contracts / agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, we have not entered into any other agreement / contract as on the date of this Draft Prospectus.

**Key terms of other subsisting material agreements**

Except as disclosed herein, our Company has not entered into any other subsisting material agreements including with strategic partners, joint venture partners, and/or financial partners other than in the ordinary course of business of our Company.



## OUR MANAGEMENT

As per the Articles of Association, our Company is required to have not less than Three (3) Directors and not more than Fifteen (15) Directors. Currently, our Company has Five (5) Directors and out of which Three (3) are Non-Executive Independent Directors.

The following table sets forth the details regarding our Board of Directors of our Company as on the date of filing of this Draft Prospectus:

S. No.	Name, Father's, Age, Designation, Address, Experience, Occupation, Qualifications, Nationality & DIN	Date of Appointment	No. of Equity Shares held & % of Shareholding (Pre Issue)	Other Directorships/ Designated Partner
1.	<b>Mr. Vivek Dholiya</b> <b>Father's Name:</b> Mr. Vinubhai A Dholiya <b>DOB:</b> 20/09/1994 <b>Age:</b> 27 Years <b>Designation:</b> Chairman cum Managing Director <b>Address:</b> 402, Kishan Vista, Manjalpur, Tulsi Dham Char Rasta, Vadodara -390011, Gujarat, India <b>Experience:</b> 4 Years <b>Occupation:</b> Business <b>Qualification:</b> Bachelor of Engineering <b>Nationality:</b> Indian <b>DIN:</b> 09340902	Originally appointed on the Board as Director w.e.f. September 30, 2021  Further re- appointed as Chairman and Managing Director w.e.f. December 14, 2021 for a period of 5 years, not liable to retire by rotation	11,06,000 Equity Shares; 79% of Pre-Issue Paid up capital	Nil
2.	<b>Mrs. Damini Dholiya</b> <b>Father's Name:</b> Mr. Hitendra Chhotlal Patel <b>DOB:</b> 04/12/1992 <b>Age:</b> 29 Years <b>Designation:</b> Whole-Time Director <b>Address:</b> 402, Kishan Vista, Manjalpur, Tulsi Dham Char Rasta, Vadodara - 390011, Gujarat, India <b>Experience:</b> 3 Years <b>Occupation:</b> Business <b>Qualification:</b> Master of Science <b>Nationality:</b> Indian <b>DIN:</b> 09340903	Originally appointed on the Board as Director w.e.f. September 30, 2021  Further re- appointed as Whole-Time Director w.e.f. December 14, 2021 for a period of 5 years, liable to retire by rotation	69,790 Equity Shares; 4.99% of Pre- Issue Paid up capital	Nil
3.	<b>Mr. Ankit Jagdishbhai Kansara</b> <b>Father's Name:</b> Mr. Jagdishbhai Thakorbbhai Kansara <b>DOB:</b> 14/10/1992 <b>Age:</b> 29 Years <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> Sanjay Park Society, Behind Kubereshwar Temple, Manjalpur, Vadodara - 390011, Gujarat, India. <b>Experience:</b> 4 Years <b>Occupation:</b> Consultant <b>Qualification:</b> Bachelor of Commerce <b>Nationality:</b> Indian <b>DIN:</b> 09415953	Originally appointed on the Board as Non-Executive Director w.e.f. November 29, 2021  Further re- appointed as Non-Executive Independent w.e.f. December 14 2021 for a period of 5 years, not liable to retire by rotation	Nil	Nil



S. No.	Name, Father's, Age, Designation, Address, Experience, Occupation, Qualifications, Nationality & DIN	Date of Appointment	No. of Equity Shares held & % of Shareholding (Pre Issue)	Other Directorships/ Designated Partner
4.	<b>Mr. Shirish Amrutlal Kotadia</b> <b>Father's Name:</b> Mr. Amrutlal Babubhai Kotadia <b>DOB:</b> 02/12/1992 <b>Age:</b> 29 Years <b>Designation:</b> Non - Executive Independent Director <b>Address:</b> A-203, Shree Radhey Residency Flats, Vadsar Road, BH Silver Woods, M.I. Estate, Vadodara - 390010, Gujarat, India. <b>Experience:</b> 5 Years <b>Occupation:</b> Service <b>Qualification:</b> Bachelor of Engineering <b>Nationality:</b> Indian <b>DIN:</b> 09415940	Appointed on the Board as Non-Executive Independent Director w.e.f. December 14, 2021 for period of 5 years, not liable to retire by rotation	Nil	Nil
5	<b>Mr. Pankil Anilbhai Gandhi</b> <b>Father's Name:</b> Mr. Anilbhai Bhikhalal Gandhi <b>DOB:</b> 07/07/1992 <b>Age:</b> 29 Years <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> 2 Shreeji Duplex, Near Tulsi Aangan Duplex, Behind Railway water tank, Manjalpur, Vadodara - 390010, Gujarat, India. <b>Experience:</b> 3 Years <b>Occupation:</b> Professional <b>Qualification:</b> Chartered Accountant <b>Nationality:</b> Indian <b>DIN:</b> 09421101	Appointed on the Board as Non-Executive Independent Director w.e.f. December 14, 2021 for period of 5 years, not liable to retire by rotation	Nil	

### **BRIEF PROFILE OF OUR DIRECTORS**

#### **Mr. Vivek Dholiya, Chairman cum Managing Director, Age: 27 Years**

Mr. Vivek Dholiya, aged 27 years is Chairman and Managing Director and also the Promoter of our Company. He holds bachelor of Engineering degree from Gujarat Technological University. He was appointed on the Board on September 30, 2021 and further designated as the Chairman and Managing Director of the Company on December 14, 2021 for a period of 5 years not liable to retire by rotation. He has experience of around 4 years in our Industry. He is responsible for the expansion and overall management of the business of our Company. His leadership abilities have been instrumental in leading the core team of our Company.

#### **Mrs. Damini Dholiya, Whole Time Director, Age: 29 Years**

Mrs. Damini Dholiya, aged 29 years, is the Whole-Time Director of our Company. She holds Master of Science degree from the Maharaja Sayajirao University of Baroda. She was originally appointed on the Board on September 30, 2021 and further designated as the Whole-Time Director of the Company on December 14, 2021 for a period of 5 years liable to retire by rotation. She has an experience of around 3 years in our industry and manages the entire administration of our company.

#### **Mr. Ankit Jagdishbhai Kansara, Non-Executive Independent Director, Age: 29 Years**

Mr. Ankit Jagdishbhai Kansara, aged 29 years, is Non-Executive Independent Director of our Company. He holds degree of Bachelors of Commerce from the Maharaja Sayajirao University of Baroda. He was appointed on the Board on November 29, 2021 and further designated as the Non-Executive Independent Director of the Company on December 14, 2021 for a period of 5 years not liable to retire by rotation. He has experience of around 4 years in taxation industry.



**Mr. Shirish Amrutlal Kotadia, Non-Executive Independent Director, Age: 29 Years**

Mr. Shirish Amrutlal Kotadia, aged 29 years, is Non-Executive Independent Director of our Company. He holds degree of Bachelor of Engineering from the Maharaja Sayajirao University of Baroda. He has been appointed as Non-Executive Independent director of our Company with effect from December 14, 2021. He has experience of around 5 years in the engineering industry.

**Mr. Pankhil Anilbhai Gandhi, Non-Executive Independent Director, Age: 29 Years**

Mr. Pankhil A Gandhi, aged 29 years, is Non-Executive Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India He has been appointed as Non-Executive Independent director of our Company with effect from December 14, 2021. He has an experience of around 3 years in the finance sector.

**Confirmations**

- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.
- None of 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.
- None of the above-mentioned Directors are on the RBI list of willful defaulters as on the date of filling of this Draft Prospectus.
- Further, our Company, our Promoters, persons forming part of our Promoter Group, Directors and person in control of our Company has/ have not been not debarred from accessing the capital market by SEBI or any other Regulatory Authority.
- There is no material regulatory or disciplinary action taken by a stock exchange or regulatory authority in the past one year in respect of Directors and promoters of our company.
- Except as disclosed in chapter titled “Outstanding Litigations and Material Developments” beginning on Page 153 of this Draft Prospectus, there is no criminal cases filed or being undertaken with regard to alleged commission of any offence by any of our directors which also effected the business of our company and none of directors of our Company have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc.
- Further, our Company, our Promoter, persons forming part of our Promoter Group, Directors and person in control of our Company has/ have not been not debarred from accessing the capital market by SEBI or any other Regulatory Authority.

**Nature of any family relationship between any of our directors**

Apart from Mr. Vivek Dholiya and Mrs. Damini Dholiya who are related to each other as husband and wife, none of the Directors of the Company are related to each other as per Section 2 (77) of Companies Act, 2013.

**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.

No consideration in cash or shares or otherwise has been paid, or agreed to be paid to any of our Directors, or to the firms or companies in which they are interested as a member by any person either to induce such director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/her or by the firm or company in which he/she is interested, in connection with the promotion or formation of our Company

**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**

Our Company at its Extra-Ordinary General Meeting held on December 14, 2021 passed a resolution authorizing Board of Directors pursuant to the provisions of section 180 (1) (c) of the Companies Act, 2013 for borrowing from time to time any sum or sums of moneys which together with the moneys already borrowed by the Company (apart from temporary loans obtained from the bankers of the Company in ordinary course of business) shall not exceed in the aggregate Rs. 100 Crores (Rupees One Hundred Crores Only) irrespective of the fact that such amount of borrowings outstanding at any one time may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

### **Payment of compensation or benefit to Directors/ officers of our Company**

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:

Particulars	Mr. Vivek Dholiya	Mrs. Damini Dholiya
<b>Re-Appointment / Change in Designation</b>	Shareholders' Resolution dated December 14, 2021	Shareholders' Resolution dated December 14, 2021
<b>Designation</b>	Chairman cum Managing Director	Whole-Time Director
<b>Term of Appointment</b>	5 years Not Liable to Retire by Rotation	5 years Liable to Retire by Rotation
<b>Remuneration Payable from FY 2021-22</b>	Rs. 1,00,000/- per month	Rs. 10,000/- per month

Our company is not having any subsidiary company.

The Board of Directors may in due course authorize the amount of sitting fees payable to our Independent Directors for attending each meeting of the Board or committee thereof apart from the cost of travelling and other out of pocket expenses that shall be paid in addition to the sitting fees.

The compensation/sitting fees/other remuneration paid to our current Directors for the financial year March 2021 are as follows:

Name of Director	Amount (in Rs lakhs)*
Vivek Dholiya	Nil
Damini Dholiya	Nil
Ankit Jagdishbhai Kansara	Nil
Shirish Amrutlal Kotadia	Nil
Pankil Anilbhai Gandhi	Nil

\* Our Company has been incorporated on September 30, 2021 and hence no remuneration was paid for the FY 2020-21.

The abovementioned remuneration and perquisites are subject to the ceiling laid down in Sections 197 and Schedule V of the Companies Act and all other applicable provisions of the Companies Act as may be amended from time to time. In case of payment of remuneration in excess of the prescribed limits, recovery of the excess amount may be waived by the Board of Directors upon the recommendation of the Nomination and Remuneration Committee and with the approval of the Central Government.

Except as stated in this Draft Prospectus, no amount or benefit has been paid by our Company within the two preceding years or is intended to be paid or given by our Company to any of our Company's officers including our Directors and key management personnel.

Further, our Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Management Personnel, are entitled to benefits upon termination of employment. Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company including Directors and Key Management Personnel, are entitled to any benefit upon termination of employment or superannuation.





There is no contingent or deferred compensation payable to our Directors.

### **Bonus or Profit-Sharing Plan for our Directors**

We have no bonus or profit-sharing plan for our directors.

### **Sitting Fee**

The Articles of Association of our Company provides that payment of sitting fees to Directors (other than Managing Director & Whole- Time Directors) for attending a meeting of the Board or a Committee thereof shall be decided by the Board of Directors from time to time within the applicable maximum limits. Our Board of Directors has resolved in their meeting dated December 15, 2021 for payment to all Non-Executive Independent Directors for attending each such meeting of the Board or Committee thereof.

### **SHAREHOLDING OF OUR DIRECTORS IN OUR COMPANY**

<b>Sr. No.</b>	<b>Name of Director</b>	<b>No. of Shares held</b>	<b>Holding in %</b>
1.	Mr. Vivek Dholiya	11,06,000	79.00
2.	Mrs. Damini Dholiya	69,790	4.99

None of the Independent Directors of the Company holds any Equity Shares of Company as on the date of this Draft Prospectus.

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 fees payable to them for attending meetings of the Board of Directors or a Committee thereof as well as to the extent of other 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- “Compensation to our Managing Director and Whole Time Directors” above, under chapter titled “Our Management” beginning on page 100 of this Draft Prospectus

Our directors may also be regarded as interested their shareholding and dividend payable thereon, if any, Our Directors are also interested to the extent of Equity Shares, if any held by them in our Company or held by their relatives. Further our directors are interested in the Company in the following manner:

<b>Director</b>	<b>Particulars</b>
Mr. Vivek Dholiya	The Registered Office of the Company is taken on lease from our Director Mr. Vivek Dholiya for the fixed term.

Further our directors may also have 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.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any Company in which they hold Directorships or any partnership firm in which they are partners.

Except as stated otherwise in this Draft Prospectus, our Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of this draft 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.

Except as stated in this chapter “Our Management” or the section titled Related Party Transactions under chapter titled “Financial Information of our Company” beginning on page 100 and 118 respectively of this Draft Prospectus, and except to the extent of shareholding in our Company, our directors do not have any other interest in our business.

### **Interest in the property of Our Company**

Except as disclosed above and in the chapters titled “Business Overview” and Related Party Transactions under chapter titled “Financial Information of our Company” and “History and Corporate Structure” on page 78, 118 and 96 respectively of this Draft Prospectus, our directors do not have any interest in any property acquired or proposed to be acquired two years prior to



the date of this Draft Prospectus. Our Promoter may be deemed to be interested to the extent that a leave and license agreement has been entered into between our promoter and our Company for use of registered office and manufacturing facility. For further details, kindly refer to the chapter titled “Business Overview” beginning on page 78 of this Draft Prospectus.

Except Vivek Dholiya, who is our Promoter, none of our Directors have any interest in the promotion of our Company, as on the date of this Draft Prospectus.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or qualify him/her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Except as disclosed in this Draft Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors either to induce them to become or to qualify them as Directors except the normal remuneration for services rendered by them as Directors.

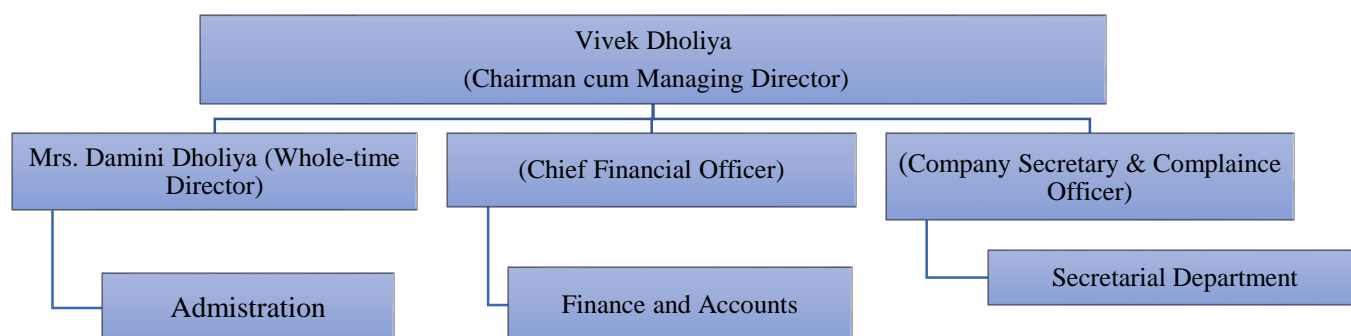
Except as stated above and under the section titled “Financial Information”, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.

### **CHANGES IN BOARD OF DIRECTORS IN LAST 3 YEARS**

Sr. No.	Name	Date & Nature of Change	Reasons for Change
1.	Mr. Ankit Jagdishbhai Kansara	Appointment as Non-Executive Director vide Shareholders Meeting dated November 29, 2021	To ensure better Corporate Governance
2.	Mr. Vivek Dholiya	Change in Designation as Chairman cum Managing Director vide Shareholders Meeting dated December 14, 2021	To ensure better Corporate Governance
3.	Mrs. Damini Dholiya	Change in Designation as Whole-Time Director vide Shareholders Meeting dated December 14, 2021	To ensure better Corporate Governance
4.	Mr. Ankit Jagdishbhai Kansara	Change in Designation as Non-Executive Independent Director vide Shareholders Meeting dated December 14, 2021	To ensure better Corporate Governance
5.	Mr. Shirish Amrutlal Kotadia	Appointment as Non-Executive Independent Director vide Shareholders Meeting dated December 14, 2021	To ensure better Corporate Governance
6.	Mr. Pankhil A Gandhi	Appointment as Non-Executive Independent Director vide Shareholders Meeting dated December 14, 2021	To ensure better Corporate Governance

### **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, with respect to Corporate Governance, provisions of the SEBI LODR Regulations will also be complied with the extent applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchange.

Our Board has been constituted in compliance with the Companies Act 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.

Currently, our Board has six (5) Directors. In compliance with the requirements of the Companies Act we have one (1) Managing Director, one (1) Whole Time Directors and three (3) Non-Executive Independent Directors. We have one (1) woman director on our Board.

We have constituted the following committees of our Board of Directors for compliance with Corporate Governance requirements:

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee

### **Audit Committee**

Our Company has constituted the Audit Committee in accordance with Section 177 and other applicable provisions of Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Power) Rules, 2014. Further, the Audit Committee was constituted by way of a Board resolution dated December 15, 2021. The audit committee presently consists of the following Directors of the Board:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Pankil Anilbhai Gandhi	Chairman	Non-Executive Independent Director
Mr. Shirish Amrutlal Kotadia	Member	Non-Executive Independent Director
Mr. Vivek Dholiya	Member	Chairman cum Managing Director

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to answer shareholder queries. The scope and function of the Audit Committee and its terms of reference shall include the following:

**Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**Meetings of the Committee:** The committee shall meet at least four times in a year and not more than 120 days 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.

**Role and Powers:** The Role of Audit Committee together with its powers shall be as under:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval;
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;



- compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
  7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the listed entity with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors of any significant findings and follow up there on;
  15. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
  16. Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  17. 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;
  18. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  19. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act 2013 or referred to it by the Board.
  20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  21. To review the functioning of the whistle blower mechanism;
  22. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and;
  23. Audit committee shall oversee the vigil mechanism.
  24. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
  25. Carrying out any other function as is mentioned in the terms of reference of the audit committee under the Companies Act or SEBI LODR Regulations.

Further, the Audit Committee shall mandatorily review the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee;
- Statement of deviations:
- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

### **Stakeholders Relationship Committee**

Our Company has constituted the Stakeholders Relationship Committee in terms of Section 178 sub section (5) and other applicable provisions of Companies Act, 2013 read with rule 6 of the Companies (Meeting of Board and its Power) Rules, 2014, in the meeting of Board of Directors dated December 15, 2021. The Stakeholders Relationship Committee presently consists of the following Directors of the Board:



Name of the Director	Status in Committee	Nature of Directorship
Mr. Ankit Jagdishbhai Kansara	Chairman	Non-Executive Independent Director
Mr. Pankil Anilbhai Gandhi	Member	Non-Executive Independent Director
Mrs. Damini Dholiya	Member	Whole-Time Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

**Tenure:** 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.

**Meetings:** The Stakeholders Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

**Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:

1. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized.
2. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
3. Review the process and mechanism of redressal of Shareholders' /Investor's grievance and suggest measures of improving the system of redressal of Shareholders' /Investors' grievances.
4. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
5. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
6. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 as amended from time to time.
7. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
8. Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

#### **Nomination and Remuneration Committee**

Our Company has constituted Nomination and Remuneration Committee in terms of Section 178, Schedule V and other applicable provisions of Companies Act, 2013 read with rule 6 of the Companies (Meetings of Board and its Power) Rules, 2014 in the meeting of the Board of Directors held on December 15, 2021. The Nomination and Remuneration Committee presently consists of the following Directors of the Board:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Shirish Amrutlal Kotadia	Chairman	Non-Executive Independent Director
Mr. Ankit Jagdishbhai Kansara	Member	Non-Executive Independent Director
Mr. Pankil Anilbhai Gandhi	Member	Non-Executive Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.



**Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders queries; however, it shall be up to the chairperson to decide who shall answer the queries.

**Terms of Reference:**

1. Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
2. Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of board of directors;
5. 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;
6. Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
7. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
8. Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
9. Decide the amount of Commission payable to the Whole Time Directors;
10. Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and
11. To formulate and administer the Employee Stock Option Scheme.

**POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING**

The provisions of regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the SME platform of BSE. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchange.

Mr. Narendra Gupta, Company Secretary & Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

**POLICY FOR DETERMINATION OF MATERIALITY & MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

The provisions of the SEBI LODR Regulations will be applicable to our Company immediately upon the listing of Equity Shares of our Company on SME Platform of BSE. We shall comply with the requirements on listing of Equity Shares on the Stock exchange. The Board of Directors at their meeting held on December 15, 2021 have approved and adopted the policy for determination of materiality and determination of materiality of related party transactions and on dealing with related party transactions.

**Our Key Managerial Personnel**

Our Company is supported by a well-laid team having good exposure to various operational aspects of our line of business. A brief about the Key Managerial Personnel of our Company is given below:





Name, Designation & Educational Qualification	Age (Years)	Date of joining as KMP	Compensation paid for the F.Y ended 2021 (Rs in Lakhs)	Over all experience (in years)	Previous employment
<b>Name:</b> Mr. Vivek Dholiya <b>Designation:</b> Chairman and Managing Director <b>Qualification:</b> Bachelor of Engineering	27	Chairman and Managing Director w.e.f December 14, 2021	Not Applicable	4 Years	Quality RO Products
<b>Name:</b> Mrs. Damini Dholiya <b>Designation:</b> Whole-Time Director <b>Qualification:</b> Master of Science	29	Whole-Time Director w.e.f December 14, 2021	Not Applicable	3 Years	Quality RO Products
<b>Name:</b> Mrs. Beena Varun Koshiya <b>Designation:</b> Chief Financial officer <b>Qualification:</b> Bachelor of Commerce	31	Appointed on December 15, 2021	Not Applicable	NIL	--
<b>Name:</b> Mr. Narendra Gupta <b>Designation:</b> Company Secretary and Compliance Officer <b>Qualification:</b> Company Secretary	31	Appointed on December 15, 2021	Not Applicable	5 Years	Girdharilal Sugar and Allied Industries Limited

#### BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

##### Mr. Vivek Dholiya, Chairman cum Managing Director, Age: 27 Years

Mr. Vivek Dholiya, aged 27 years is Chairman and Managing Director and also the Promoter of our Company. He holds bachelor of Engineering degree from Gujarat Technological University. He was appointed on the Board on September 30, 2021 and further designated as the Chairman and Managing Director of the Company on December 14, 2021 for a period of 5 years not liable to retire by rotation. He has experience of around 4 years in our Industry. He is responsible for the expansion and overall management of the business of our Company. His leadership abilities have been instrumental in leading the core team of our Company.

##### Mrs. Damini Dholiya, Whole Time Director, Age: 29 Years

Mrs. Damini Dholiya, aged 29 years, is the Whole-Time Director of our Company. She holds Master of Science degree from the Maharaja Sayajirao University of Baroda. She was originally appointed on the Board on September 30, 2021 and further designated as the Whole-Time Director of the Company on December 14, 2021 for a period of 5 years liable to retire by rotation. She has an experience of around 3 years in our industry.

##### Mrs. Beena Varun Koshiya, Chief Financial Officer, Age: 31 Years

Mrs. Beena Varun Koshiya aged 31 years, is the Chief Financial Officer of our Company. She is appointed as Chief Financial Officer with effect from December 15, 2021. She looks after Finance & Accounts division.

##### Mr. Narendra Gupta, Company Secretary, Age: 31 Years

Mr. Narendra Gupta is Company Secretary and Compliance Officer of our Company. He is qualified Company Secretary from institute of Company Secretaries of India. He has appointed as Company Secretary of our Company with effect from December 15, 2021. He looks after the Secretarial and legal matters of our Company.

#### RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

Mr. Vivek Dholiya and Mrs. Damini Dholiya are related to each other as spouse. Mr. Vivek Dholiya and Mrs. Beena Varun Koshiya are related as brother and sister.

#### Confirmations

- All the persons named as our Key Managerial Personnel above are the permanent employees of our Company.



- There is no arrangement or understanding with major shareholders, customers, suppliers or any others pursuant to which any of the above mentioned Key Managerial Personnel have been recruited.
- None of our KMPs except Mr. Vivek Dholiya and Mrs. Damini Dholiya are part of the Board of Directors.
- In respect of all above mentioned Key Managerial Personnel there has been no contingent or deferred compensation accrued for the period ended on November 30, 2021.
- 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 company.
- Our Company does not have any bonus/profit sharing plan for any of the Key Managerial Personnel.
- None of the Key Managerial Personnel in our Company hold any shares of our Company as on the date of filing of this Draft Prospectus except as under:

Sr. No.	Name of Director/ KMP	No. of Shares held	Holding in %
1.	Mr. Vivek Dholiya	11,06,000	79.00
2.	Mrs. Damini Dholiya	69,790	4.99

- Presently, we do not have ESOP/ESPS scheme for our employees.
- The turnover of KMPs is not high, compared to the industry to which our Company belongs.

#### **Payment of Benefits to Officers of our company (non-salary Related)**

Except for any statutory payments made by our Company upon termination of services of its officer or employees, our Company has not paid any sum, any non-salary amount or benefit to any of its officers or to its employees including amounts towards super annuations, ex-gratia/rewards.

#### **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 three years except as stated below:

Sr. No.	Name	Designation	Date of Appointment/ Cessation/Promotion/ Transfer	Reasons
1.	Mr. Vivek Dholiya	Chairman & Managing Director	December 14, 2021	Change in Designation
2.	Mrs. Damini Dholiya	Whole-Time Director	December 14, 2021	Change in Designation
3.	Mrs. Beena Varun Koshiya	Chief Financial Officer	December 15, 2021	Appointment
4.	Mr. Narendra Gupta	Company Secretary & Compliance Officer	December 15, 2021	Appointment

#### **INTEREST OF KEY MANAGERIAL PERSONNEL IN OUR COMPANY**

Apart from shares held in the Company, and to the 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.

Further our Key Managerial Personnel (KMP) are interested in the Company in the following manner:

Key Managerial Personnel (KMP)	Particulars
Mr. Vivek Dholiya	The Registered Office of the Company is taken on lease from our Director Mr. Vivek Dholiya for the fixed term.

Except as provided in this Draft Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (two) years from the date of this Draft Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

For the details unsecured loan taken from or given to our Directors/KMPs and for details of transaction entered by them in the



past please refer to Related Party Transaction under chapter titled under chapter titled “Financial Information of our Company” beginning on page 118 of this Draft Prospectus.

As on the date of filing of this Draft Prospectus, our Company does not have a performance linked bonus or a profit sharing plan with the Key Managerial Personnel.

There is no contingent or deferred compensation payable to our Key Managerial Personnel, which does not form part of their remuneration.

No non-salary-related payments or benefits have been made to our key management personnel based on targets achieved and general performance.

#### **LOANS AVAILED BY DIRECTORS / KEY MANAGERIAL PERSONNEL OF OUR COMPANY**

None of the Key Managerial Personnel have any outstanding loan from our Company as on the date of this Draft Prospectus.

#### **ARRANGEMENT / UNDERSTANDING WITH MAJOR SHAREHOLDERS / CUSTOMERS / SUPPLIERS**

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Key Managerial Personnel was selected as a member of our senior management.

#### **CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO OUR DIRECTOR AND KEY MANAGERIAL PERSONNEL**

There is no contingent or deferred compensation payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

#### **Employee stock option and stock purchase schemes**

As on date of this Draft Prospectus, our Company does not have any employee stock option and stock purchase schemes.

#### **Payment or Benefit to Key Managerial Personnel of our Company**

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of this Draft Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

#### **OTHER BENEFITS TO OUR KEY MANAGERIAL PERSONNEL**

Except as stated in this Draft Prospectus, there are no other benefits payable to our Key Managerial Personnel.

#### **EMPLOYEES**

The details about our employees appear under the Paragraph titled —Human Resource in Chapter Titled — “Business Overview” beginning on page 78 of this Draft Prospectus.




## **OUR PROMOTER & PROMOTER GROUP**

Mr. Vivek Dholiya is the Promoter of our Company.

As on the date of this Draft Prospectus, Mr. Vivek Dholiya is holding 11,06,000 Equity Shares which in aggregate, constitutes 79.00% of the issued and paid-up Equity Share capital of our Company. Our Promoter and Promoter Group will continue to hold the majority of our post- Issue paid-up equity share capital of our Company.

### **Details of our Promoters: -**

	<b>Mr. Vivek Dholiya, Chairman cum Managing Director</b>	
	<b>Qualification</b>	Bachelor of Engineering
	<b>Age</b>	27 Years
	<b>Address</b>	402, Kishan Vista, Manjalpur, Tulsi Dham Char Rasta, Vadodara - 390011, Gujarat, India.
	<b>Occupation</b>	Business
	<b>Permanent Account Number</b>	BMGPD8579Q
	<b>Passport Number</b>	M0747651
	<b>Driving License Number</b>	GJ06 20120045663
	<b>Aadhar Card Number</b>	603445750664
	<b>No. of Equity Shares held in our Company [% of Shareholding (Pre Issue)]</b>	11,06,000 Equity Shares [79.00%]
	<b>DIN</b>	09340902
	<b>Other Interests</b>	Om Sai Transport

### **Declaration**

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the Promoter which are available have been submitted to BSE at the time of filing of Draft Prospectus with them.

*Present Promoter of Our Company is Mr. Vivek Dholiya.*

*Mr. Vivek Dholiya and Mr. Damini Dholiya were original subscribers to the MoA of Our Company. For details of the shareholding acquired by the current promoters of our Company refer the capital buildup of our Promoter under section "Capital Structure" beginning on page 47 of this Draft Prospectus.*

### **Other Ventures of our Promoter**

Except as set out in this chapter under heading "Our Promoter and Promoter Group" and the chapter titled "Our Management" on page 113 and 100 respectively, our Promoters are not involved with any other venture, as a shareholder/stakeholder, proprietor, partner, promoter or director.

## **CHANGE IN CONTROL OF OUR COMPANY**

There has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Prospectus.

### **Undertaking/ Confirmations**

None of our Promoter or Promoter Group or Group Company or person in control of our Company has been:

- prohibited or debarred 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
- refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad.



No material regulatory or disciplinary action is taken by any by a stock exchange or regulatory authority in the past one year in respect of our Promoter, Group Company and Company promoted by the promoter of our company.

The litigation record, the nature of litigation, and status of litigation of our Company, Promoter, Group company and Company promoted by the Promoter are disclosed in chapter titled “Outstanding Litigations and Material Developments” beginning on page 153 of this Draft Prospectus.

None of our Promoter, person in control of our Company are or have ever been a promoter, 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 Promoter, the promoter group members nor our Group Company have been declared as a willful defaulter by the RBI or any other government authority nor there are any violations of securities laws committed by them in the past and no proceedings for violation of securities laws are pending against them.

### **Common Pursuits/ Conflict of Interest**

Except as disclosed in this Draft Prospectus, none of the promoter group companies/firms are engaged in similar line of business as our Company as on date of this Draft Prospectus. For further details of our Group Companies refer to Section titled “Information with respect to Group Companies” on page 159 of this Draft Prospectus.

We shall adopt the necessary procedures and practices as permitted by law to address any conflicting situations, as and when they may arise.

### **RELATED PARTY TRANSACTIONS**

Except as stated in the “Annexure J - Restated Financial Statements” beginning on page 138 respectively of this Draft Prospectus, our Company has not entered into related party transactions with our Promoter.

### **Interest in promotion of Our Company**

Our Promoter is interested in our Company to the extent that he has promoted our Company.

Our Promoter who is also one of our Director may be deemed to be interested to the extent of remuneration, commission and reimbursement of expense payable to them as per the Articles of Association and relevant provisions of Companies Act. For further details, please see the chapter titled “Our Management” beginning on page 100 of this Draft Prospectus.

The Promoters is interested to the extent of their shareholding in the Company, and any dividend and distributions which may be made by the Company in future. The related party transactions are disclosed in “Financial information of our Company” and Interest of Directors and Interest of Key Managerial Personnel under chapter titled “Our Management” on pages 118 & 100 of this Draft Prospectus, respectively.

Our Promoter and Directors are not interested as a member of a firm or company and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person either to induce such person to become, or qualify them as director or promoter, or otherwise for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

### **INTEREST OF PROMOTERS IN THE PROPERTY OF OUR COMPANY, LAND, CONSTRUCTION OF BUILDING AND SUPPLY OF MACHINERY**

Our Promoter have confirmed that they do not have any interest in any property acquired by our Company within three years preceding the date of this Draft Prospectus or proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building or supply of machinery or other contract, agreement or arrangement entered into by our Company and no payments have been made or proposed to be made in respect of these contracts, agreements or arrangements. However, our Promoter may be deemed to be interested to the extent that a leave and license agreement has been entered into between our promoter and our Company for use of registered office and manufacturing facility. For further details, kindly refer to the chapter titled, “Business Overview” beginning on page 78 of this Draft Prospectus.



### **Payment or benefits to our Promoter in the last two years**

Except as stated otherwise in the chapter, “Our Management” and “Restated Financial Statements” on pages 100 and 118, respectively, no benefit or amount has been given or paid to our Promoter or members of our Promoter Group within the two years immediately preceding the date of filing this Draft Prospectus or is intended to be paid or given to our Promoter or members of our Promoter Group.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date hereof in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them.

### **Experience of Promoters in the line of business**

Our Promoter Mr. Vivek Dholiya has experience of around 4 years in our Industry. The Company shall also endeavor to ensure that relevant professional help is sought as and when required in the future.

Except as stated in the Section titled “Financial Information - Annexure J –Related Party Transactions” on page 138 of this Draft Prospectus, no benefit or amount has been paid to our Promoter or Promoter Group during the two years preceding the date of this Draft Prospectus or is intended to be paid or given to our Promoter or Promoter Group.

Our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date hereof in which the Promoter are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them.

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

Our Promoter Mr. Vivek Dholiya has not been disassociated themselves in the last three years except disassociation from M/s Quality RO Products (sole proprietorship of Mr. Vivek Dholiya) which is taken over by our Company.

### **Other ventures of our Promoter**

Save and except as disclosed in this section titled “Our Promoter and Promoter Group” and “Information with respect to Group Companies” beginning on page 113 & 159 respectively of this Draft Prospectus, there are no ventures promoted by our Promoter in which they have any business interests/ other interests as on date of this Draft Prospectus.

### **Litigation details pertaining to our Promoter**

For details on litigations and disputes pending against the Promoter and defaults made by the Promoter please refer to the chapter titled “Outstanding Litigations and Material Developments” beginning on page 153 of this Draft Prospectus.

### **Other Confirmation**

Our Company has neither made any payments in cash or otherwise to our Promoter or to firms or companies in which our Promoter is interested as member, director or promoter nor have our Promoter been offered any inducements to become director or otherwise to become interested in any firm or company, in connection with the promotion or formation of our Company otherwise than as stated in the “Related Party Transactions” in the section titled “Financial Information of our company” beginning on Page No. 118 of this Draft Prospectus.

## **OUR PROMOTER GROUP**

In addition to the Promoter named above, the following natural persons are part of our Promoter Group:

### **1. Natural Persons who are part of the Promoter Group**

As per Regulation 2(1) (pp) of the SEBI ICDR Regulations, 2018, the Natural persons who are part of the Promoter Group (due to their relationship with the Promoter), other than the Promoters, are as follows:

<b>Relationship</b>	<b>Mr. Vivek Dholiya</b>
<b>Father</b>	Mr. Vinubhai A Dholiya
<b>Mother</b>	Mrs. Manishaben Dholiya





<b>Spouse</b>	Mrs. Damini Dholiya
<b>Brother</b>	--
<b>Sisters</b>	Mrs. Ekata Dholiya Mrs. Beena Varun Koshiya
<b>Son</b>	--
<b>Daughter</b>	--
<b>Spouse's Father</b>	Mr. Hitendra Chhotlal Patel
<b>Spouse's Mother</b>	Mrs. Amisha Hitendra Patel
<b>Spouse's Brother</b>	--
<b>Spouse's Sister</b>	Ms. Nidhi Hitendra Patel

## 2. Corporate Entities or Firms forming part of the Promoter Group

As per Regulation 2(1)(pp) of the SEBI ICDR Regulations, the following entities would form part of our Promoter Group:

- M/s Om Sai Transport
- M/s Jay Ambe Transport
- M/s Jay Ambe Trading Co.
- M/s Aarya Enterprises
- M/s Dholiya Ekta
- M/s Shreni Developers



### **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 year 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 since incorporation. 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 IX - FINANCIAL INFORMATION OF OUR COMPANY**

### **INDEPENDENT AUDITORS' REPORT ON RESTATED FINANCIAL INFORMATION**

**(As required by Section 26 of Companies Act, 2013 read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014)**

**To,**

**The Board of Directors,  
Quality RO Industries Limited**

Dear Sir,

We have examined the attached Restated Audited Financial Information of Quality RO Industries Limited (formerly known as Quality RO Industries Private Limited) ( hereunder referred to “the Company”, “Issuer”) comprising the Restated Statement of Assets and Liabilities as at November 30, 2021 the Restated Statement of Profit & Loss, the Restated Cash Flow Statement for the stub period ended on November 30, 2021 the Summary statement of Significant Accounting Policies and other explanatory Information (Collectively the Restated Financial Information) as approved by the Board of Directors in their meeting held on December 15, 2021 for the purpose of inclusion in the Offer Document, prepared by the Company in connection with its Initial Public Offer of Equity Shares (IPO) and prepared in terms of the requirement of:-

- a) Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended (the “Act”);
- b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (“ICDR Regulations”) 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 as amended from time to time. (“The Guidance Note”).

The Company’s Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the offer document to be filed with Stock Exchange, Securities and Exchange Board of India, and Registrar of Companies, Ahmedabad in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company for the stub period ended on November 30, \on the basis of preparation stated in ANNEXURE – D to the Restated Financial Information. The Board of Directors of the company’s responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information.

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 September 09, 2021 in connection with the proposed IPO of equity shares of the Company;
- b) 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.

These Restated Financial Information have been compiled by the management from:

- a) Audited financial statements of company as at and for the stub period ended on November 30, 2021 prepared by us in accordance with the Accounting Standards as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, and other accounting principles generally accepted in India.

The audit report on the financial statements were modified and included following matter(s) giving rise to modifications on the financial statements as at and for the period ended on November 30, 2021: -

- a) The Restated Financial Information or Restated Summary Financial Statement have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;



- b) The Restated Financial Information or Restated Summary Financial Statement have been made after incorporating adjustments for prior period and other material amounts in the respective financial period to which they relate and there are no qualifications which require adjustments;
- c) Extra-ordinary items that needs to be disclosed separately in the accounts has been disclosed wherever required;
- d) There were no qualifications in the Audit Report issued by us for the Period Ended November 30, 2021 which would require adjustments in this Restated Financial Statements of the Company;
- e) Profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Accounts as set out in ANNEXURE – D to this report;
- f) Adjustments in Restated Financial Information or Restated Summary Financial Statement have been made in accordance with the correct accounting policies,
- g) There was no change in accounting policies, which needs to be adjusted in the Restated Financial Information or Restated Summary Financial Statement;
- h) There are no revaluation reserves, which need to be disclosed separately in the Restated Financial Information or Restated Summary Financial Statement
- i) The Company has not paid any dividend since its incorporation.

In accordance with the requirements of Part I of Chapter III of Act including rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

- a) The “Restated Statement of Assets and Liabilities” as set out in ANNEXURE – A to this report, of the Company as at November 30, 2021 is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – D to this Report.
- b) The “Restated Statement of Profit and Loss” as set out in ANNEXURE – B to this report, of the Company for the stub period Ended on November 30, 2021 is prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – D to this Report.
- c) The “Restated Statement of Cash Flow” as set out in ANNEXURE – C to this report, of the Company for the stub period ended on November 30, 2021 is prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – D to this Report.

We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the stub Period ended on November 30, 2021 proposed to be included in the Draft Prospectus / Prospectus (“Offer Document”) for the proposed IPO.

Restated Statement of Share Capital, Reserves And Surplus	Annexure – A.1 & Annexure – A.2
Restated Statement of Long Term Borrowings	Annexure – A.3
Restated Statement of Deferred Tax Liability/Assets	Annexure – A.4
Restated Statement of Short Term Borrowing	Annexure – A.5
Restated Statement of Trade Payables	Annexure – A.6
Restated Statement of Other Current Liabilities And Short Term Provisions	Annexure – A.7 & Annexure – A.8
Restated Statement of Fixed Assets	Annexure – A.9
Restated Statement of Long Term loans & Advances	Annexure – A.10
Restated Statement of Inventories	Annexure – A.11
Restated Statement of Trade Receivables	Annexure – A.12



Restated Statement of Cash & Cash Equivalents	Annexure – A.13
Restated Statement of Short Term Loans & Advances	Annexure – A.14
Restated Statement of Other Current Assets	Annexure – A.15
Restated Statement of Revenue from Operations	Annexure – B.1
Restated Statement of Cost of Material Consumed	Annexure - B.2
Restated Statement of Change in Inventories of Finished Goods	Annexure - B.3
Restated Statement of Employee Benefit Expenses	Annexure - B.4
Restated Statement of Finance Cost	Annexure – B.5
Restated Statement of Depreciation & Amortization	Annexure – B.6
Restated Statement of Other Expenses	Annexure – B.7
Restated Statement of Deferred Tax Expenses	Annexure – B.8
Material Adjustment to the Restated Financial	Annexure – E
Restated Statement of Tax shelter	Annexure – F
Restated Statement of Capitalization	Annexure – G
Restated Statement of Contingent Liabilities	Annexure – H
Restated Statement of Accounting Ratios	Annexure – I
Restated Statement of related party transaction	Annexure – J

In our opinion and to the best of information and explanation provided to us, the Restated Financial Information of the Company, read with significant accounting policies and notes to accounts as appearing in ANNEXURE – D are prepared after providing appropriate adjustments and regroupings as considered appropriate.

We, M/s. A Y & Company, Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI.

The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.

The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

In our opinion, the above financial information contained in ANNEXURE – A to J of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in ANNEXURE – D are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Companies Act, ICDR Regulations, Engagement Letter and Guidance Note.

Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company and our report should not be used, referred to or distributed for any other purpose without our prior consent in writing.

**For, M/s A Y & CO.**  
**Chartered Accountants**  
**Firm Registration Number: - 020829C**  
**Peer Review No. – 013225**

**CA Arpit Gupta**  
**(Partner)**  
**Membership No.421544**  
**UDIN - 21421544AAAAEB9961**

**Date: 15.12.2021**  
**Place: Vadodara**



# ANNEXURE – A: RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. In Lakhs)

Sr. No.	Particulars	Note No.	As at 30th November 2021
<b>A.</b>	<b>Equity and Liabilities</b>		
<b>1</b>	<b>Shareholders' Funds</b>		
	Share Capital	<b>A.1</b>	140.00
	Reserves & Surplus	<b>A.2</b>	18.27
	<b>Share application money pending allotment</b>		
<b>2</b>	<b>Non-Current Liabilities</b>		
	Long-Term Borrowings	<b>A.3</b>	36.34
	Other Non-Current Liabilities		
	Long-Term Provisions		-
	Deferred Tax Liabilities (Net)	<b>A.4</b>	-
<b>3</b>	<b>Current Liabilities</b>		
	Short Term Borrowings	<b>A.5</b>	16.51
	Trade Payables :	<b>A.6</b>	
	(A) total outstanding dues of micro enterprises and small enterprises; and		-
	(B) total outstanding dues of creditors other than micro enterprises and small enterprises		27.26
	Other Current Liabilities	<b>A.7</b>	11.13
	Short Term Provisions	<b>A.8</b>	0.69
	<b>Total</b>		<b>250.21</b>
<b>B.</b>	<b>Assets</b>		
<b>1</b>	<b>Non-Current Assets</b>		
	Property, Plant and Equipment		
	Tangible Assets	<b>A.9</b>	111.10
	Capital Work In Progress	<b>A.9</b>	-
	Intangible Assets	<b>A.9</b>	-
	Non-Current Investments		-
	Deferred Tax Assets	<b>A.4</b>	0.19
	Long Term Loans & Advances	<b>A.10</b>	3.18
	Other Non-Current Assets		-
<b>2</b>	<b>Current Assets</b>		
	Current Investments		
	Inventories	<b>A.11</b>	50.49
	Trade Receivables	<b>A.12</b>	17.27
	Cash and Cash Equivalents	<b>A.13</b>	39.55
	Short-Term Loans and Advances	<b>A.14</b>	16.85
	Other Current Assets	<b>A.15</b>	11.57
	<b>Total</b>		<b>250.21</b>

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, B & C





# ANNEXURE – B: RESTATED STATEMENT OF PROFIT AND LOSS

(Rs. In Lakhs)

Sr. No	Particulars	Note No.	For the period ended from 30 Sep 2021 to 30th Nov
			2021
<b>A.</b>	<b>Revenue:</b>		
	Revenue from Operations	<b>B.1</b>	16.78
	Other income		0.00
	<b>Total revenue</b>		<b>16.78</b>
<b>B.</b>	<b>Expenses:</b>		
	Cost of Material Consumed	<b>B.2</b>	33.41
	Purchase of Stock in Trade		0.00
	Change in Inventories of Finished Goods, WIP & Stock in Trade	<b>B.3</b>	(25.87)
	Employees Benefit Expenses	<b>B.4</b>	0.22
	Finance costs	<b>B.5</b>	0.25
	Depreciation and Amortization	<b>B.6</b>	1.89
	Other expenses	<b>B.7</b>	4.92
	<b>Total Expenses</b>		<b>14.82</b>
	<b>Profit before exceptional and extraordinary items and tax</b>		<b>1.97</b>
	Exceptional Items		-
	<b>Profit before extraordinary items and tax</b>		<b>1.97</b>
	Extraordinary items		-
	<b>Profit before tax</b>		<b>1.97</b>
	<b>Tax expense :</b>		
	Current tax		0.69
	Deferred Tax	<b>B.8</b>	(0.19)
	Profit (Loss) for the period from continuing operations		<b>1.47</b>
	<b>Earning per equity share in Rs.:</b>		
	(1) Basic		0.11
	(2) Diluted		0.11

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A & C.



# ANNEXURE – C: RESTATED STATEMENT OF CASH FLOWS

(Rs. In Lakhs)

Particulars	For the period ended from 30 Sep 2021 to 30th Nov
	2021
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit/ (Loss) before tax	1.97
Adjustments for:	
Depreciation	1.89
Finance Cost	0.25
<b>Operating profit before working capital changes</b>	<b>4.10</b>
Movements in working capital :	
(Increase)/Decrease in Inventories	(50.49)
(Increase)/Decrease in Trade Receivables	(17.27)
(Increase)/Decrease in Short Term Loans & Advances	(16.85)
(Increase)/Decrease in Other Current Assets	(11.57)
Increase/(Decrease) in Trade Payables	27.26
Increase/(Decrease) in Other Current Liabilities	11.13
<b>Cash generated from operations</b>	<b>(53.69)</b>
Income tax paid during the year	-
<b>Net cash from operating activities (A)</b>	<b>(53.69)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(112.99)
(Increase)/Decrease in Long Term Loans & Advances	(3.18)
<b>Net cash from investing activities (B)</b>	<b>(116.17)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from Issue of Share Capital	20.00
Proceeds from Securities Premium	136.80
Payment of Finance Cost	(0.25)
Proceeds Short Term Borrowings	16.51
Proceeds from Long Term Borrowings	36.34
<b>Net cash from financing activities (C)</b>	<b>209.41</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>39.55</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>39.55</b>
<b>Cash and Cash equivalents comprises of</b>	
<b>Cash in Hand</b>	<b>1.78</b>
<b>Balance with Banks</b>	<b>37.77</b>

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure C, A & B.



## **ANNEXURE – D**

### **SUMMARY SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS AS RESTATED**

#### **A. COMPANY INFORMATION**

Our Company was originally incorporated on September 30, 2021 as “Quality RO Industries Private Limited” vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from “Quality RO Industries Private Limited” to “Quality RO Industries Limited” vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad. The Corporate Identity Number of our Company is U29308GJ2021PLC126004.

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Accounting Convention**

The financial statement is prepared under the historical cost convention on the “Accrual Concept” and Going Concern assumption of accountancy in accordance with the accounting principles generally accepted in India and comply with the accounting standards as prescribed by Companies (Accounting Standard) Rules, 2006 and with the relevant provisions of the Companies Act, 2013 and rules made there under.

##### **2. Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statement and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known/materialized.

##### **3. Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises of all expenses incurred to bring the assets to its present location and condition. Borrowing cost directly attributable to the acquisition /construction are included in the cost of fixed assets. Adjustments arising from exchange rate variations attributable to the fixed assets are capitalized.

In case of new projects / expansion of existing projects, expenditure incurred during construction / preoperative period including interest and finance charge on specific / general purpose loans, prior to commencement of commercial production are capitalized. The same are allocated to the respective t on completion of construction / erection of the capital project / fixed assets.

Subsequent expenditures related to an item of tangible asset are added to its book value only if they increase the future economic benefits from the existing asset beyond its previously assessed standard of performance.

Capital assets (including expenditure incurred during the construction period) under erection / installation are stated in the Balance Sheet as “Capital Work in Progress.”

##### **4. Impairment of Assets**

At each balance sheet date, the Company reviews the carrying amount of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset’s net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the assets and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the assets.



## **5. Depreciation**

All fixed assets, except capital work in progress, are depreciated on WDV Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation on additions to / deletions from fixed assets made during the period is provided on pro-rata basis from / up to the date of such addition /deletion as the case may be.

## **6. Investments**

Investments are classified into current investments and non-current investments. Current investments i.e. investments that are readily realizable and intended to be held for not more than a year valued at cost. Any permanent reduction in the carrying amount or any reversals of such, reductions are charged or credited to the Statement of Profit & loss Account.

Non-current investments are stated at cost. Provision for diminution in the value of these investments is made only if such decline is other than temporary, in the opinion of the management.

## **7. Inventories**

Inventories consist of Raw Material & Finished Goods are valued at Cost or Net Realizable Value, whichever is lower.

## **8. Revenue Recognition**

Revenue from the operations is recognized on generally accepted accounting principal and when it is earned and no significant uncertainty exists as to its ultimate collection and includes taxes, wherever applicable.

The capital gain on sale of investments if any are recognized on completion of transaction. No notional profit/loss are recognized on such investments.

Interest income is recognized on time proportion basis, when it is accrued and due for payment.

## **9. Borrowing Cost**

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

## **10. Employee Benefits**

Short – term employee benefits are recognized as an expense at the undiscounted amount in the profit & loss account of the year in which the related service is rendered.

Post-employment and other long term employee benefits are recognized as an expense in the profit & loss account for the year in which the liabilities are crystallized.

## **11. Taxes on Income**

Income tax expenses for the year comprises of current tax and deferred tax. Current tax provision is determined on the basis of taxable income computed as per the provisions of the Income Tax Act. Deferred tax is recognized for all timing differences that are capable of reversal in one or more subsequent periods subject to conditions of prudence and by applying tax rates that have been substantively enacted by the balance sheet date.

## **12. Foreign Currency Translation**

- a) Transaction denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are restated at closing rate.
- b) Any exchange difference on account of settlement of foreign currency transaction and restatement of monetary assets and liabilities denominated in foreign currency is recognized in the statement of Profit & loss Account.



### 13. Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

#### B. NOTES ON ACCOUNTS

1. The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.

#### 2. Segment Reporting

The Company at present is engaged in the manufacturing of RO Products which constitutes a single business segment. In view of above, primary and secondary reporting disclosures for business/ geographical segment as envisaged in AS –17 are not applicable to the Company.

#### 3. Post-Employment Benefits:

Since the company has not completed 5 years from its incorporation so that provision for gratuity has not been valued.

#### 4. Provisions, Contingent Liabilities and Contingent Assets (AS 29)

Contingent liabilities and commitments (to the extent not provided for). There are no contingent liabilities as on November 30, 2021 except as mentioned in Annexure-H, for any of the years covered by the statements.

#### 5. Related Party Disclosure (AS 18)

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, 2006, as amended, in the Annexure – J of the enclosed financial statements.

#### 6. Accounting for Deferred Taxes on Income (AS 22)

Particulars	(Rs. In Lakhs)
	For The Stub Period Ended From 30 Sep 2021 to 30 Nov 2021
WDV as per Companies Act, 2013 (A)	111.10
WDV as per Income tax Act, 1961 (B)	111.87
Difference in WDV (A-B)	(0.76)
Deferred Tax (Asset)/ Liability '(C)	(0.19)
Restated Closing Balance of Deferred Tax (Asset)/ Liability (C+D)	(0.19)
Deferred Tax (Assets)/ Liability charged to Profit & Loss	(0.19)

### 7. MATERIAL ADJUSTMENT TO THE RESTATED FINANCIAL STATEMENT

#### 1 Material Regrouping:

Appropriate adjustments have been made in the Restated Financial Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the regroupings as per the audited financial statements of the company and the requirements of SEBI Regulations.

#### 2. Material Adjustments:

The Summary of results of restatement made in the Audited Financial Statements for the respective period/years and its impact on the profit/ (loss) of the Company is as follows:



(Rs. In Lakhs)

Particulars	For the Period ended 30 <sup>th</sup> November 2021
<b>(A) Net Profits as per audited financial statements (A)</b>	<b>1.47</b>
Add/(Less) : Adjustments to the Audited Profit -	--
<b>Total Adjustments (B)</b>	<b>--</b>
<b>Restated Profit/ (Loss) (A+B)</b>	<b>1.47</b>

**Reconciliation Statement between Restated Reserve & Surplus affecting Equity due to Adjustment made in Restated Financial Statements:**

(Rs. In Lakhs)

Particulars	As at 30 November 2021
<b>Equity Share Capital &amp; Reserves &amp; Surplus as per Audited financial Statement</b>	<b>158.27</b>
Add/(Less) : Adjustments on account of change in Profit/Loss	-
Total Adjustments (B)	-
<b>Equity Share Capital &amp; Reserves &amp; Surplus as per Restated Financial statement</b>	<b>158.27</b>

## 8. Trade Payable Ageing Summary

As on 30.11.2021:

(Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 yr.	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
MSME	--	--	--	--	--
Others	0.81	17.21	9.24	--	27.26
Disputed dues - MSME	--	--	--	--	--
Disputed dues - Others	--	--	--	--	--

## 9. Trade Receivable Ageing Summary

As on 30.11.2021

(Rs. In Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 yrs.	2-3 yrs.	More than 3 yrs.	
(i) Undisputed Trade receivables- considered good	17.27	--	--	--	--	17.27
(ii) Undisputed Trade Receivables- Considered Doubtful	--	--	--	--	--	--
(iii) Disputed Trade Receivables considered good	--	--	--	--	--	--
(iv) Disputed Trade Receivables considered doubtful	--	--	--	--	--	--

## 10. Significant Accounting Ratios

Particulars	Accounting Ratio
Current Ratio	2.44
Debt-Equity Ratio	0.33
Return on Equity Ratio	0.02
Inventory Turnover Ratio	0.30
Trade Receivable Turnover Ratio	1.94
Trade Payable Turnover Ratio	4.26
Net Capital Turnover Ratio	0.17
Net Profit Ratio	0.09
Return on Capital Employed Ratio	0.02
Return on Investment Ratio	0.01





### ANNEXURE - A.1: Restated Statement of Share Capital

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
<b>Equity Share Capital</b>	
<b>Authorized Share Capital</b>	
20,00,000 Equity Shares of Rs. 10 Each (Previous Year NIL)	200.00
<b>Total</b>	<b>200.00</b>
<b>Issued, Subscribed &amp; Fully Paid Up Share Capital</b>	
14,00,000 Equity Shares of Rs. 10 Each (Previous Year NIL)	140.00
<b>Total</b>	<b>140.00</b>

#### Notes:

#### A.1.1 Right, Preferences and Restrictions attached to Shares:

The Company has one class of equity shares having a par value of Rs. 10/- per share. Each Shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion of their shareholding.

#### A.1.2 Restated Statement of Reconciliation of Number of Equity Shares

Particulars	As At 30th November
	2021
<b>Equity Shares</b>	
Shares outstanding at the beginning of the Period	-
Shares issued during the Period	14,00,000
Share outstanding at the end of the Period	<b>14,00,000</b>

#### A.1.3 Details of Shareholding more than 5% of the aggregate shares in the company

Name of Shareholder	30-Nov-21	
Mr. Vivek Dholiya	1106000	79.00%
Mr. Vipul Hareshchandra Ramaiya	112000	8.00%
Mrs. Foram Ramaiya	112000	8.00%

#### A.1.4 Shareholding of Promoters

Name of Promotor	30-Nov-21	
Mr. Vivek Dholiya	1106000	79%

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure A, B,C,D.

### ANNEXURE – A.2: Restated Statement of Reserves and Surplus

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
<b>Reserves &amp; Surplus</b>	
<b>1. Securities Premium</b>	
Balance as at the beginning of the Period	-
Addition during the Period	136.80



Less : Issue of Bonus Share	120.00
Balance as at the end of the Period	<b>16.80</b>
<b>Balance in Statement of Profit &amp; Loss</b>	
Balance as at the beginning of the Period	-
Add: Profit for the Period	1.47
Less : Bonus Shares Issued during the Period	
Balance as at the end of the Period	<b>1.47</b>
<b>Grand Total</b>	<b>18.27</b>

Note A.2.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.3: Restated Statement of Long Term Borrowings

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
<b>Secured:</b>	
From Bank:	36.34
<b>Total</b>	<b>36.34</b>
<b>Note A.3.1:</b> There were no Re-Schedulement or default in the repayment of loans taken by the Company.	
<b>Note A.3.2 :</b> The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.	

#### NOTE– A.3.3: STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS

(Rs, in Lakhs)

Name of Lender	Purpose	Securities	Sanctioned Amount	Rate of Interest	Re-Payment Schedule	Moratorium	Outstanding amount as on (as per Books)
							30.11.2021
The Kalupur Commercial Co Operative Bank	Business	Immovable Security	2.50	8.00%	Repayable in 36 EMI of Rs. 9220 including first 6 months moratorium period	6 Months	1.81
The Kalupur Commercial Co Operative Bank	Machinery Loan	1.Equitable Mortgage of Freehold land admeasuring about 536.26 Sq. Mtr. situated at Plot No. 9 Ratnakar Business Hub, GIDC, Baroda. 2. Self-occupied Property located at 402, Kishan Vista, Vadodra. 3. Hypothecation of	123.00	10.50%	Repayable in 84 EMI including 9 months moratorium	9 months	50.78



		Entire Machinery, Electric Installation, Furniture & Fixtures, office Equipments & other movable fixed assets					
<b>Total</b>							<b>52.59</b>

**NOTE - A.3.4: STATEMENT OF PRINCIPAL TERMS OF UNSECURED LOANS**

(Rs. In Lakhs)

Name of Lender	Purpose	Securities	Sanctioned Amount	Rate of Interest	Re-Payment Schedule	Moratorium	Outstanding amount as on (as per Books)
							30.11.2021
Jay Ambe Trading Co.	Business	NIL	NIL	NIL	On Demand	NIL	0.28
<b>Total</b>							<b>0.28</b>

**ANNEXURE – A.4: Restated Statement of Deferred Tax Assets/(liabilities)**

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
<b>Deferred Tax Assets</b>	
Related to Fixed Assets	0.19
<b>Total (a)</b>	0.19
<b>Deferred Tax Liability</b>	
Related to Fixed Assets	-
<b>Total (b)</b>	<b>0.00</b>
<b>Net deferred tax asset/(liability){(a)-(b)}</b>	<b>0.19</b>

Note A.4.1: The above statements should be read with the significant accounting policies and notes to restated summary, statement of assets and liabilities, profits and losses and cash flows appearing in Annexure D, A, B, C

**ANNEXURE – A.5: Restated Statement of Short Term Borrowings**

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
<b>Secured:</b>	
Current Maturities of Long Term Debt	16.23
<b>Unsecured:</b>	
From Others	0.28
<b>Total</b>	<b>16.51</b>

Note A.5.1: There were no Re-Schedulement or default in the repayment of loans taken by the Company.

Note A.5.2: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.



#### ANNEXURE – A.6: Restated Statement of Trade Payables

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
Trade Payables due to	
- Micro and Small Enterprises	--
- Others	
- Promotor/Promotor Group	--
- Others	27.26
<b>Total</b>	<b>27.26</b>

Note A.6.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.7: Restated Statement of Other Current Liabilities

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
Salary Payable	0.22
Audit Fees Payable	0.24
Expenses Payable	0.20
Advance from Customers	10.47
<b>Grand Total</b>	<b>11.13</b>

Note A.7.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.8: Restated Statement of Short Term Provisions

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
Provision for Income Tax	0.69
<b>Grand Total</b>	<b>0.69</b>

Note A.8.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE A.9. Restated Statement of Property, Plant & Equipments

(Rs. In Lakhs)

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 30 <sup>th</sup> Sep 2021	Additions	Deletion/ Sale	Balance as at 30 <sup>th</sup> June 2021	Balance as at 30 <sup>th</sup> Sep 2021	Depreciation charge for the period	Deletion-Sale/ Loss	Balance as at 30 <sup>th</sup> June 2021	Balance as at 01 <sup>st</sup> Apr 2021	Balance as at 30 <sup>th</sup> June 2021
	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)	(Amount in Rs.)
<b>Tangible Assets</b>										
Factory Land	-	17.41	-	17.41	-	-	-	-	-	17.41
Factory Shed	-	3.01	-	3.01	-	0.03	-	0.03	-	2.97



Plant & Machinery	-	80.87	-	80.87	-	1.53	-	1.53	-	79.34
Vehicles	-	11.70	-	11.70	-	0.32	-	0.32	-	11.38
<b>Grand Total</b>	-	112.99	-	112.99	-	1.89	-	1.89	-	111.10

Note A.9.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.10: Restated Statement of Long Term Loans & Advances

(Rs. In Lakhs)

Particulars	As At 30th November	
	2021	
Deposits	3.18	
<b>Grand Total</b>	<b>3.18</b>	

Note A.10.1 : The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.

#### ANNEXURE – A.11: Restated Statement of Inventories

(Rs. In Lakhs)

Particulars	As At 30th November	
	2021	
Closing Stock of Raw Material	24.62	
Closing Stock of WIP	3.33	
Closing Stock of Finished Goods	22.55	
<b>Grand Total</b>	<b>50.49</b>	

Note A.11.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.12: Restated Statement of Trade Receivables

(Rs. In Lakhs)

Particulars	As At 30th November	
	2021	
<b>Outstanding for a period exceeding six months (Unsecured and considered Good)</b>		
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-	
Others	-	
<b>Outstanding for a period not exceeding 6 months (Unsecured and considered Good)</b>		
From Directors/Promoters/Promoter Group/Associates/ Relatives of Directors/ Group Companies.	-	
Others	17.27	
<b>Grand Total</b>	<b>17.27</b>	

Note A.12.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.

#### ANNEXURE – A.13 : Restated Statement of Cash and Bank Balances

(Rs. In Lakhs)

Particulars	As At 30th November	
	2021	
Cash & Cash Equivalents		



Cash in hand	1.78
<b>Balances with Banks:</b>	
In Current Accounts	3.27
Sweep Deposit	34.50
<b>Grand Total</b>	<b>39.55</b>

Note A.13.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.14: Restated Statement of Short Term Loans & Advances

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
Advance for Shop	16.85
<b>Grand Total</b>	<b>16.85</b>

Note A.14.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – A.15: Restated Statement of Other Current Assets

(Rs. In Lakhs)

Particulars	As At 30th November
	2021
Balance With Revenue Authorities	11.57
<b>Grand Total</b>	<b>11.57</b>

Note A.15.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – B.1: Restated Statement of Revenue from Operations

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
<b>Turnover from Sales of Products</b>	
Domestic Sales	16.78
<b>Revenue from operations</b>	<b>16.78</b>

Note B.1.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE – B.2: Restated Statement of Cost of Material Consumed

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Opening Stock of Raw Material	-
Add: Purchase of Stock in Trade	58.03
Less : Closing Stock of Raw Material	24.62
<b>Grand Total</b>	<b>33.41</b>

Note B.2.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.





### ANNEXURE – B.3: Restated Statement of change in Inventory of WIP, Finished Goods & Stock in Trade

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Opening Stock of WIP, Finished Goods & Stock in Trade	-
Closing Stock of WIP, Finished Goods & Stock in Trade	25.87
<b>Net Change in Inventory of WIP, Finished goods &amp; Stock in Trade</b>	<b>(25.87)</b>

Note B.3.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

### ANNEXURE – B.4: Restated Statement of Employee Benefit Expenses

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Salary Expenses	0.22
<b>Grand Total</b>	<b>0.22</b>

Note B.4.1 : The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.

### ANNEXURE – B.5: Restated Statement of Finance Cost

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Interest Expenses	0.25
<b>Grand Total</b>	<b>0.25</b>

Note B.5.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

### ANNEXURE – B.6: Restated Statement of Depreciation

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Depreciation Expenses	1.89
<b>Grand Total</b>	<b>1.89</b>

Note B.6.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

### ANNEXURE – B.7: Restated Statement of Other Expenses

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
Bank Charges	0.00
Electricity Expenses	0.74
Legal & Professional Expenses	4.09
Audit Fees	0.10
<b>Grand Total</b>	<b>4.92</b>

Note B.7.1: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.



## ANNEXURE – B.8: Restated Statement of Deferred Tax (Assets)/Liabilities

(Rs. In Lakhs)

Particulars	For The Stub Period Ended
	From 30 Sep 2021 to 30 Nov 2021
WDV as per Companies Act, 2013 (A)	111.10
WDV as per Income tax Act, 1961 (B)	111.87
Difference in WDV (A-B)	(0.76)
Deferred Tax (Asset)/ Liability '(C)	(0.19)
Restated Closing Balance of Deferred Tax (Asset)/ Liability (C+D)	(0.19)
Deferred Tax (Assets)/ Liability charged to Profit & Loss	(0.19)

Note B.8.1: The above statements should be read with the significant accounting policies and notes to restated summary, statement of assets and liabilities, profits and losses and cash flows appearing in Annexure D, A, B, C

## ANNEXURE – E: STATEMENT OF MATERIAL ADJUSTMENT TO THE RESTATED FINANCIAL STATEMENT

### 1 Material Regrouping

Appropriate adjustments have been made in the Restated Standalone Financial Statements of Assets and Liabilities, Profit and Losses and Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities in order to bring them in line with the regroupings as per the audited financial statements of the company and the requirements of SEBI Regulations.

### 2 Material Adjustments

The Summary of results of restatement made in the Audited Financial Statements for the respective years and its impact on the profit/(loss) of the Company is as follows:

(Rs. In Lakhs)

Particulars	For The Period Ended Nov 30
	2021
(A) Net Profits as per audited financial statements (A)	1.47
Add/(Less) : Adjustments in Restated Financial Statements	-
Total Adjustments (B)	-
Restated Profit/ (Loss) (A+B)	1.47

Reconciliation Statement between Restated Reserve & Surplus affecting Equity due to Adjustment made in Restated Financial Statements:

(Rs. In Lakhs)

Particulars	As at 30 Nov
	2021
Equity Share Capital & Reserves & Surplus as per Audited financial Statement	158.27
Add/(Less) : Adjustments on account of change in Profit/Loss	-
Total Adjustments (B)	-
Equity Share Capital & Reserves & Surplus as per Restated Financial Statement	158.27



## ANNEXURE - F: RESTATED STATEMENT OF TAX SHELTERS

(Rs. In Lakhs)

Sr. No	Particulars	As at Nov 30
		2021
<b>A</b>	<b>Restated Profit before tax</b>	1.97
	Short Term Capital Gain at special rate	
	Normal Corporate Tax Rates (%)	25.17%
	Short Term Capital Gain at special rate	
	MAT Tax Rates (%)	15.60%
<b>B</b>	<b>Tax thereon (including surcharge and education cess)</b>	
	Tax on normal profits	0.50
	Short Term Capital Gain at special rate	
	<b>Total</b>	<b>0.50</b>
	<b>Adjustments:</b>	
<b>C</b>	<b>Permanent Differences</b>	
	Deduction allowed under Income Tax Act	-
	Exempt Income	-
	Allowance of Expenses under the Income Tax Act Section 35	-
	Disallowance of Income under the Income Tax Act	-
	Disallowance of Expenses under the Income Tax Act	-
	<b>Total Permanent Differences</b>	<b>-</b>
<b>D</b>	<b>Timing Differences</b>	
	Difference between Depreciation as per Income tax, 1961 and Companies Act 2013	0.76
	<b>Total Timing Differences</b>	<b>0.76</b>
<b>E</b>	<b>Net Adjustments E= (C+D)</b>	<b>0.76</b>
<b>F</b>	<b>Tax expense/(saving) thereon</b>	0.19
<b>G</b>	<b>Total Income/(loss) (A+E)</b>	<b>2.73</b>
	Taxable Income/ (Loss) as per MAT	1.97
<b>I</b>	<b>Income Tax as per normal provision</b>	0.69
<b>J</b>	<b>Income Tax under Minimum Alternative Tax under Section 115 JB of the Income Tax Act</b>	0.31
	<b>Net Tax Expenses (Higher of I,J)</b>	0.69
<b>K</b>	Relief u/s 90/91	
	<b>Total Current Tax Expenses</b>	<b>0.69</b>
<b>L</b>	Adjustment for Interest on income tax/ others	
	<b>Total Current Tax Expenses</b>	<b>0.69</b>

Note: The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

## ANNEXURE - G: RESTATED STATEMENT OF CAPITALISATION

(Rs. In Lakhs)

Sr. No	Particulars	Pre issue	Post issue
	<b>Debts</b>		
A	Long Term Debt*	36.34	36.34
B	Short Term Debt	16.51	16.51
C	<b>Total Debt</b>	<b>52.86</b>	<b>52.86</b>
	<b>Equity Shareholders Funds</b>		



	Equity Share Capital#	140.00	**
	Reserves and Surplus	18.27	**
<b>D</b>	<b>Total Equity</b>	<b>158.27</b>	<b>-</b>
	Long Term Debt/ Equity Ratio (A/D)	0.23	-
	Total Debt/ Equity Ratio (C/D)	0.33	-
Notes :			
* The amounts are consider as outstanding as on 30.11.2021			
** The Post Issue figures is not available as the Issue Price is yet to be finalized.			

#### ANNEXURE - H: RESTATED STATEMENT OF CONTINGENT LIABILITIES

(Rs. In lakhs)

Particulars	As at 30th Nov
	2021
1. Bank Guarantee/ LC Discounting for which FDR margin money has been given to the bank as Security	-
2. Capital Commitment	-
3. Income Tax Demand	-
4. TDS Demands	-
5. ESIC Demand	-
<b>Total</b>	<b>-</b>

#### ANNEXURE - I: RESTATED STATEMENT OF ACCOUNTING RATIOS

(Rs. In Lakhs)

Particulars	As at 30th Nov
	2021
Restated PAT as per P& L Account (Rs. in Lakhs)	1.47
<b>EBITDA</b>	<b>4.10</b>
<b>Actual No. of Equity Shares outstanding at the end of the period</b>	<b>14,00,000</b>
Weighted Average Number of Equity Shares at the end of the Period (Note -2)	12,80,656
Net Worth	158.27
Current Assets	135.73
Current Liabilities	55.59
<b>Earnings Per Share</b>	
Basic EPS (Pre Bonus)	0.11
Eps (Post Bonus)	0.11
<b>Return on Net Worth (%)</b>	<b>0.93%</b>
<b>Net Asset Value Per Share</b>	<b>11.31</b>
<b>Current Ratio</b>	<b>2.44</b>
<b>EBITDA</b>	<b>4.10</b>
Nominal Value per Equity share(Rs.)	10

The Company does not have any diluted potential Equity Shares. Consequently, the basic and diluted profit/earning per share of the company remain the same.

Notes:

1. The ratios have been calculated as below:

a. Basic Earnings Per Share (Rs.) = Restated PAT attributable to Equity Shareholders/ Weighted Average



- Number of Equity Shares outstanding during the year.
- Diluted Earnings Per Share (Rs.) = Restated PAT attributable to Equity Shareholders/ Weighted Average Number of Diluted Potential Equity Shares outstanding during the year.
  - Return on Net Worth (%) = Restated PAT attributable to Equity Shareholders/ Net Worth X 100
  - Restated Net Asset Value per equity share (Rs.) = Restated Net Worth as at the end of the year/ Total Number of Equity Shares outstanding during the year.
- Weighted Average Number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.
  - Earnings Per Share calculation are in accordance with Accounting Standard 20- Earnings Per Share, notified under the Companies (Accounting Standards) Rules 2006, as amended.
  - Net Worth = Equity Share Capital + Reserve and Surplus (including surplus in the Statement of Profit & Loss)
  - The figures disclosed above are based on the Restated Financial Statements of the Company.

#### ANNEXURE - J(i): RESTATED STATEMENT OF RELATED PARTY DISCLOSURES

As required under Accounting Standard 18 "Related Party Disclosures" as notified pursuant to Company (Accounting Standard) Rules 2006, following are details of transactions during the year with related parties of the company as defined in AS 18.

List of Related Parties and Nature of Relationship:

Particulars	Name of Related Parties
a) Key Management Personnel's	Vivek Dholiya
	Damini Dholiya
	Mrs. Beena Varun Koshiya
	Mr. Narendra Gupta
b) Associate Concern	Jay Ambe Trading Co. (Proprietorship of KMP's Mother)
	Om Sai Transport (Partnership Firm of KMP)

**Note:** The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.

#### ANNEXURE - J(ii) - Transactions carried out with related parties referred to in (1) above, in ordinary course of business:

Nature of Transactions	Name of Related Parties	(Rs. In Lakhs)
		As at 30 Nov 2021
Unsecured Loans	<b>Jay Ambe Trading Co.</b>	
	Opening Balance	-
	Loan Received during the period	0.28
	Loan paid during the period	-
	Closing Balance	0.28
Advance from Customer	Om Sai Transport	4.76

**Note :** The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D,A,B,C.



**ANNEXURE - J(ii) - Closing Balances with related parties referred to in (1) above, in ordinary course of business:**  
**(Rs. In Lakhs)**

Payable/Receivable	Name of Related Parties	As at 30 Nov
		2021
Payable	Jay Ambe Trading Co.	0.28
	Om Sai Transport	4.76
<b>Note :</b> The above statements should be read with the significant accounting policies and notes to restated summary, profits and losses and cash flows appearing in Annexure D, A, B, C.		





## AUDITED FINANCIAL STATEMENTS OF M/S QUALITY RO PRODUCTS (PROPRIETORSHIP) FOR THREE YEARS

Our Company acquired the ongoing business of M/s. Quality RO Products i.e. the proprietorship of Our Promoter Mr. Vivek Dholiya, vide Business Transfer Agreement dated November 02, 2021. The Audited Financials of the said proprietorship i.e. M/s. Quality RO Products for the past three financial years have been presented below:

### Balance Sheet of M/s. Quality RO Products:

(Rs. In Lakhs)

Particulars	As on March 31		
	2021	2020	2019
<b>Assets</b>			
Fixed Assets	126.10	141.71	160.72
Investments	5.66	4.50	3.50
Loans, Advances and Deposit	33.04	51.45	47.02
Closing Stock	42.07	35.97	20.82
Sundry Debtors	3.35	2.61	13.40
Cash and Bank Balance	5.01	5.98	6.96
<b>TOTAL</b>	<b>215.23</b>	<b>242.22</b>	<b>252.42</b>
<b>Liabilities</b>			
Proprietor's Capital Account	102.73	99.43	87.67
Secured Loan	78.15	88.56	110.05
Unsecured Loan	5.28	7.98	8.50
Current Liabilities	28.73	45.91	46.20
Provisions	0.34	0.34	--
<b>TOTAL</b>	<b>215.23</b>	<b>242.22</b>	<b>252.42</b>

### Profit & Loss Account of M/s. Quality RO Products:

(Rs. In Lakhs)

Particulars	As on March 31		
	2021	2020	2019
<b>Income</b>			
Sales	115.94	120.09	50.87
Carting Income	15.03	31.42	51.36
Closing Stock	42.07	35.97	20.82
Other Income	11.60	2.36	1.34
<b>TOTAL INCOME</b>	<b>184.64</b>	<b>189.84</b>	<b>124.39</b>
<b>Expenses</b>			
Opening Stock	35.97	20.82	15.04
Direct Expenses	115.18	134.63	85.71
Indirect Expenses	29.48	33.20	29.38
<b>TOTAL EXPENSES</b>	<b>180.63</b>	<b>188.65</b>	<b>130.13</b>
<b>Net Profit/ (Loss)</b>	<b>4.01</b>	<b>1.19</b>	<b>(5.74)</b>



## OTHER FINANCIAL INFORMATION

(Rs. In Lakhs)

Particulars	As at 30th Nov
	2021
Restated PAT as per P& L Account (Rs. in Lakhs)	1.47
<b>EBITDA</b>	4.10
<b>Actual No. of Equity Shares outstanding at the end of the period</b>	14,00,000
Weighted Average Number of Equity Shares at the end of the Period (Note -2)	12,80,656
Net Worth	158.27
Current Assets	135.73
Current Liabilities	55.59
<b>Earnings Per Share</b>	
Basic EPS (Pre Bonus)	0.11
Eps (Post Bonus)	0.11
<b>Return on Net Worth (%)</b>	0.93%
<b>Net Asset Value Per Share</b>	11.31
<b>Current Ratio</b>	2.44
<b>EBITDA</b>	4.10
Nominal Value per Equity share(Rs.)	10
* The Company does not have any diluted potential Equity Shares. Consequently the basic and diluted profit/earning per share of the company remain the same.	
Notes :	
1) The ratios have been calculated as below:	
a) Basic Earnings Per Share (Rs.) = Restated PAT attributable to Equity Shareholders/ Weighted Average Number of Equity Shares outstanding during the year.	
b) Diluted Earnings Per Share (Rs.) = Restated PAT attributable to Equity Shareholders/ Weighted Average Number of Diluted Potential Equity Shares outstanding during the year.	
c) Return on Net Worth (%) = Restated PAT attributable to Equity Shareholders/ Net Worth X 100	
d) Restated Net Asset Value per equity share (Rs.) = Restated Net Worth as at the end of the year/ Total Number of Equity Shares outstanding during the year.	
2) Weighted Average Number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor.	
3) Earnings Per Share calculation are in accordance with Accounting Standard 20- Earnings Per Share, notified under the Companies (Accounting Standards) Rules 2006, as amended.	
4) Net Worth = Equity Share Capital + Reserve and Surplus (including surplus in the Statement of Profit & Loss)	
5) The figures disclosed above are based on the Restated Financial Statements of the Company.	



## **MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITIONS & RESULTS OF OPERATIONS**

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in the Draft Prospectus. You should also read the section entitled "Risk Factors" beginning on page 19 and "Forward Looking Statements" beginning on page 14, which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations.*

*The following discussion of our financial condition and results of operations should be read in conjunction with our restated financial statements for the Period ended November 30, 2021 including the schedules and notes thereto and the reports thereto, which appear in the section titled "Financial Information of our Company" on Page No. 118 of the Draft Prospectus. The financial statements presented and discussed herein have been prepared to comply in all material respects with the notified accounting standards by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act and SEBI (Issue of Capital and Disclosure Requirements) Regulations. Our fiscal year ends on March 31 of each year. Accordingly, all references to a particular fiscal year/financial year are to the twelve-month period ended on March 31 of that year. The forward-looking statements contained in this discussion and analysis is subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements*

### **Overview**

Our company is engaged in the business of manufacturing, marketing and supplying components for water purifiers and softener equipment. These water purifiers parts have been designed to make a proper fitting for RO Plants and Systems of different varieties, as we produce strictly according to industry standards.

Our Company was originally incorporated on September 30, 2021 as "Quality RO Industries Private Limited" vide Registration No. 126004/2021-22 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre. Subsequently, our Company has acquired the entire running business with the assets and liabilities of M/s Quality RO Products, sole proprietorship concern of our Promoter Mr. Vivek Dholiya vide Business Transfer Agreement dated November 02, 2021. Further, our Company was converted into Public Limited Company and consequently name of company was changed from "Quality RO Industries Private Limited" to "Quality RO Industries Limited" vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad.

We are engaged in the business of supplying of various water treatment products as well as logistics services. As a supplier, we procure polypropylene raw materials and manufacture various types of softener equipment such as filter parts, premium filter cartridges, taps, membrane housing and also engage in contractual manufacturing for the water treatment industry. Our company also make sales through online platforms. In addition, we are also engage in providing logistics services on a contractual basis to a few local infrastructure companies.

We have a management team with significant industry experience. Our Chairman and Managing Director, Mr. Vivek Dholiya has 4 years of experience in this industry. The experience of the Promoter has been instrumental in determining the vision and growth strategies for our Company. We further believe that our market position has been achieved by adherence to the vision of our Promoter and senior management team and their experience in the industry in which our Company operates.

Our Registered Office and factory is situated at Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.

Our Company is engaged in following areas: -

1. Manufacturing of Water softener equipment
2. Contract Manufacturing
3. Trading of RO equipment spares and associated products
4. Contractual Logistics to local infrastructure and manufacturing companies

### **Impact of COVID-19 on our business operations**

The pandemic outbreak has caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. The demand for our products is dependent on and directly affected by factors affecting industries where our products are used. Despite the impact of Covid- 19 pandemic, our revenue from operations for the period ended November 30, 2021 was Rs 16.78 lakhs. Further, India is in the stage of distribution of vaccines, we cannot predict the timeline as to when the vaccines shall reach at mass level. We continue to closely



monitor the impact that Covid-19 may have on our business and results of operations. It is difficult for us to predict the impact that Covid 19 will have on us, in the future. We continue to closely monitor the impact of the same.

## **OUR COMPANY OPERATIONS**

### **1. Manufacturing of Water softener equipment:**

Our company is engaged in the business of manufacturing spun filter cartridge (also commonly known as pp spun filter cartridge, spun polypropylene filter cartridge, spun water filter cartridge, spun sediment filter) which is a depth-filter cartridge with a 100% high purity polypropylene filter media. It has long on-stream life and broad chemical compatibility.

Quality RO spun filter cartridges are widely used as a pre-filter or final filter for industrial, such as spun filters for reverse-osmosis, pp spun filters for process water & groundwater remediation, poly spun filter cartridges for chemical process, pharmaceutical, and other applications. Our spun filter cartridges range from 0.5 to 120 microns with lengths from 5" to 40". For manufacturing, we procure polypropylene raw materials and manufacture various types of softener equipment such as filter parts, premium filter cartridges, taps, membrane housing etc.

Polypropylene (PP) is the most common media in the manufacturing process. Compared to pleated filters, they have a limited surface area and not have a wide chemical compatibility or operating temperature with wound filters, but they have the advantage of depth filtration. Spun filter cartridges can be used either as a pre-filter or final filter for industrial, chemical process, pharmaceutical, food/beverage, cosmetics, water, and other applications.

### **2. Contract Manufacturing:**

Our company is also engaged in contractual manufacturing based on die casting. During the die casting process, molten metal is forced into a mould cavity under high pressure. The moulds, also called dies, are made from non-ferrous metals such as zinc and aluminium. Manufacturers generally use die casting for high-volume production, especially for small to mid-sized castings. Die cast parts are ubiquitous, from everyday consumer objects such as sink faucets and steering wheels to industrial parts such as pneumatic nailers.

### **3. Trading of RO equipment spares and associated products:**

As a trader, our company is a reseller of RO equipment and spares. We purchase these items from wholesalers and resell it to smaller-sized businesses. At the moment, our trading segment is more focused on the B2B model.

### **4. Contractual Logistics to local infrastructure and manufacturing companies:**

Our company is also engaged in contractual logistics services to local infrastructure and manufacturing companies. Presently, while these services are outsourced to third-party providers, our Company intends to invest in logistic assets (viz. Trucks) and engage in contractual logistics services to local infrastructure companies, thereby generating carting income in the process.

## **OUR STRENGTHS**

### **Experienced management and dedicated employee base**

We have an experienced management team with significant experience in the industry. For details, relating to the experience of our management, please see the chapters titled, "Our Management" and "Our Promoter and Promoter Group" on page 100 and 113 of this Draft Prospectus. We believe this facilitates effective operational coordination and continuation of business strategies. Their individual industry experience enables us to anticipate and address market trends, manage and grow our operations. Further our employee base includes experienced senior executives. We believe that our management team and other Key Managerial Personnel are well qualified with significant market experience and has been responsible for the growth in our operations and have enabled us to extend our operational capabilities, improve the quality of services provided, continuously upgrade our process and achieve our growth in the industry.

### **Repeat orders**

We believe that meeting customer specific requirements and delivery of orders is one of the key growth. Our Company has made efforts to ensure customer satisfaction by taking steps for meeting customer specific requirements, timely delivery of orders to our customers as well as maintaining consistency in quality and this has yielded results in the form of repeat orders from our customers. The repeat orders reflect the confidence reposed in us by our customers.



### **Existing relationship with suppliers**

We manufacture components of water purifiers and acquire raw materials from several suppliers and have enduring relationship with them for a long time. We believe that our relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on timely basis to our customers. This in turn has enabled us to generate repeat business.

### **Cost effective production and timely fulfilment of orders**

Timely fulfilment of orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency. Our Company constantly endeavours to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost effective production.

## **OUR STRATEGIES**

### **Expansion of our production capacity**

Our company is engaged in the business of manufacturing spun filter cartridge (also commonly known as pp spun filter cartridge, spun polypropylene filter cartridge, spun water filter cartridge, spun sediment filter) which is a depth-filter cartridge with a 100% high purity polypropylene filter media. We intend to increase our production capacity by way of purchasing a new machinery, details of which is mentioned in the chapter titled, “Objects of the Issue” beginning on page 58 of this Draft Prospectus. We believe our investment in this plant and machinery will add on to our current installed capacity, thus, enabling us to cater to the growing demand from our customers. This shall help us cater to expand our customer base and increase our revenue from operations.

### **Expand our Current Business Operations**

Our company is also engaged in contractual logistics services to local infrastructure and manufacturing companies. Presently, while these services are outsourced to third-party providers, our Company intends to invest in logistic assets (viz. Trucks) and engage in contractual logistics services to local infrastructure companies, thereby generating carting income in the process. Details for investment in logistic asset is mentioned in the chapter titled, “Objects of the Issue” beginning on page 58 of this Draft Prospectus. Contract Logistics services involve activities such as warehousing, transportation and distributing goods, processing orders and collecting payments and even providing certain aspects of customer service.

### **Improving operational efficiencies**

Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We intend to also reduce our cost of power consumed, for this we intend to install Solar Power Project with approx. 1450 kwh Capacity to battle the electricity costs. For further details, kindly refer to the chapter titled “Objects of the Issue” beginning on page 58 of this Draft Prospectus.

### **Optimal Utilization of Resources:**

Our Company constantly endeavors to optimize the utilization of resources. We have invested significant resources and intend to further invest in our activities to develop customized systems and processes to ensure effective management control. We regularly analyze our existing policies to be carried out for providing our products which enables us to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

## **FINANCIAL SNAPSHOT:**

**The financial information of our Company as per Restated Financial Statements for period November 30, 2021 are set forth below:**

<b>Particulars</b>	<b>As at November 30, 2021</b>
Equity Capital	140.00
Reserves and Surplus	18.27
Net worth	158.27
Total Revenue (including other income)	16.78
Profit/ (Loss) after tax	1.47

(₹ in lakhs)



## OUR LOCATION

<b>Registered Office and Factory</b>	Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara-391243, Gujarat, India.
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## OUR PRODUCTS

Products	Description
<b>1. Membrane Housing</b>	Membrane housing is a pressure vessel for loading membrane elements in a reverse osmosis water treatment system. Currently, there are three types of membrane housings with different materials for water treatment on the market: FRP (fiberglass reinforce plastic), stainless steel and PVC. However, in recent years, more and more reverse osmosis water treatment systems have chosen to use FRP membrane housing. This is because the <u>FRP membrane housing</u> has a strong advantage in terms of pressure bearing capacity, design size, material properties and operating temperature compared to stainless steel and PVC membrane shells. Our company manufacture member housing from Polypropylene and its weight range from 265 to 300 gm.
<b>2. Kent Tap</b>	Kent Tap is used as water dispenser for domestic reverse osmosis plant. This tap comes in weight of 30 gm and is made up of Polypropylene material. It is available in different colors like White, Blue, Green, Pink and Black.
<b>3. PP Spun Filter Cartridge</b>	Spun filters are manufactured through a process that thermally bonds pure Polypropylene microfibers with lower density at the outside surface and progressively higher density toward the center. The all-propylene construction provides excellent thermal & chemical compatibility with high & low pH chemicals. Also, the graded density design efficiently captures contaminants throughout the media matrix resulting in excellent contaminant holding capacity, increased lifetime & low pressure drop. Spun Bonded Cartridges can be used either as a pre-filter or final filter for industrial, chemical process, pharmaceutical, food/beverage, cosmetics, water and other applications. These Filters Spun cartridges are available in a wide range of lengths ranging from 5 inch to 40 inch and micron sizes from 90 to 900 gm.
<b>4. RO Bowl</b>	RO Bowl is a Pre filter housing unit installed in RO water purifier. This is used to pre-filter water so that the life of RO machine can be enhanced. The contaminated water gets filtered first in this bowl and after that goes to water purifier. It clears all the physical impurities from the raw water and also reduces the chances of damage to RO Membrane. Its weight range between 340 to 360 gm.
<b>5. Jug Tap</b>	Jug Tap is used as water dispenser for Jugs. This tap comes in weight of 35 gm and is made up of Polypropylene material.
<b>6. Dolphin Tap</b>	Dolphin Tap is used as water dispenser for domestic reverse osmosis plant, Pet water dispenser and earthen pots. This tap comes in weight of 28 gm and is made up of Polypropylene material.

## **CAPACITY AND CAPACITY UTILIZATION:**

Products Manufactured	November 02, 2021 to November 30, 2021	
	Installed	Utilized
Filter	70,000 units	30,000 units
RO Bowl	17,000 units	1,700 units
RO Housing	25,000 units	2,500 units

- Capacity utilization has been calculated on the basis of actual production during the relevant period divided by the aggregate installed capacity of relevant manufacturing facilities as of at the end of the relevant period.
- The above information is furnished on the basis of data provided and internal estimates and assumptions.

## **COLLABORATIONS/TIE UPS/ JOINT VENTURES:**

As on date of the Draft Prospectus, we do not have any Collaboration/Tie Ups/ Joint Ventures.

## **EXPORT OBLIGATION:**

Our Company does not have any export obligation as on date.





## **UTILITIES AND INFRASTRUCTURE FACILITIES: -**

Our registered Office and factory is situated at Vadodara, Gujarat which is well equipped with computer systems, internet connection, other communication equipment's and other facilities. We consume a substantial amount of power for our business operations. Our power requirements are met through state electricity boards. To battle our increasing electricity costs, we are installing Solar Power Project with approx. 1450 kwh Capacity, details of which is mentioned in the chapter titled, "Objects of the Issue" beginning on page 58 of this Draft Prospectus. The places of operations have adequate power supply position from the public supply utilities. Water sources are available from municipal water supply.

## **HUMAN RESOURCES**

We have experienced Promoter and management whom we rely on to anticipate industry trends and capitalize on new business opportunities that may emerge. We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for its kind of business. Our senior management team consists of experienced individuals with diverse skills in trading, compliance, and finance. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth.

As on November 30, 2021 we have 7 employees at the Registered Office including our directors. Our work processes and skilled resources together with strong management team have enabled us to successfully implement our growth plans. In addition, we also engage in contractual labor as and when the production requirement mandates.

## **Pricing**

We determine the prices for our products based on various parameters, including market demand, transportation costs, raw materials costs, inventory levels and credit terms.

## **Raw Materials**

Our principal raw material is Polypropylene. Procurement of these raw materials is done from domestic market. The material is on the basis of the rates offered by supplier. We believe our domain expertise and continued engagement with suppliers has enabled us to develop a healthy relationship with them.

## **MARKETING AND ADVERTISING: -**

Marketing is an important function of our organization. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our promoter, Mr. Vivek Dholiya, through their experience and good rapport with clients owing to timely and quality delivery of products and Services plays an instrumental role in creating and expanding a work platform for our Company.

### ***Marketing Strategy:***

We intend to focus on following marketing strategies:

1. Focus on existing markets and increasing our customer base.
2. Emphasizing on Products and Services with Value Added.
3. Efficient delivery of goods to attain customer satisfaction.

## **COMPETITION: -**

We face the competition in our business from other existing manufacturers of same products. We compete with our competitors on a regional or product line basis. Many of our competitors have substantially large capital base and resources than we do and offer broader range products. We believe that the principal factors affecting competition in our business include client relationships, reputation, the abilities of employees, market focus and the relative quality and price of the products.

Our industry is highly competitive while being unorganized and fragmented. This market is not governed directly by any regulations or any governmental authority. The players in the informal education market are mostly small and unrecognized. We face competition from both organized and unorganized players in the market and more specifically from different players for different sections to which we offer our Products.



## **INSURANCE**

Our operations are subject to various risks inherent in our industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events covering damage to plant and machinery and stocks. These insurance policies are renewed periodically to ensure that the coverage is adequate. We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

### **Inventory Management**

Our finished products and raw materials are mainly stored on-site at our manufacturing facility. We produce a quantity of finished products that is determined based on a combination of confirmed and expected orders.

### **Logistics**

We transport raw materials and finished products primarily by road. Our suppliers directly deliver raw materials to our manufacturing facility. We outsource the delivery of our products to either third-party logistics companies or as mutually decided between the customer and Company.

### **Information technology**

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and receivables from customers.

### **Repair and maintenance**

We conduct periodic repair and maintenance programs for our manufacturing facility. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plants and machinery on an as-needed basis.

### **Quality Control**

We place significant emphasis on quality control. We inspect the raw materials we receive, work-in-progress and final products. We have implemented internal procedures to ensure quality control at various stages of production, from procurement of raw material, production to inventory storage. Our manufacturing facility has personnel responsible for monitoring the parameters of equipment, technical parameters of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly.

### **Environment, Health & Safety**

Our activities are subject to various environmental laws and regulations which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes and employee health and employee safety. For further information, see “Key Regulations and Policies” beginning on page 88 We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information, see “Government and Other Approvals” beginning on page 157 of this Draft Prospectus.

## **SIGNIFICANT DEVELOPMENT SUBSEQUENT TO THE LAST FINANCIAL YEAR: -**

In the opinion of the Board of Directors of our Company, there have not arisen any circumstances since the date of the last financial statements disclosed in this Draft Prospectus that materially or adversely affect the operations or profitability of the Company or the Value of its assets or its ability to pay its liability within next twelve months except below changes occurred after Balance Sheet date: -



1. Our Company was converted into Public Limited Company vide Special resolution passed by the Shareholders at the Extra-Ordinary General Meeting held on November 29, 2021 and a fresh certificate of incorporation dated December 13, 2021 issued by the Registrar of Companies, Ahmedabad.
2. Our Company has passed a Board Resolution for Initial Public Officer in Board Meeting held on December 13, 2021 and Shareholder's Resolution in Extra-Ordinary General Meeting held on December 14, 2021.
3. We have changed the designation of Mr. Vivek Dholiya as Chairman cum Managing Director and Mrs. Damini Dholiya as Whole-Time Director, Mr. Ankit Jagdishbhai Kansara as Non-Executive Independent Director of the Company with effect from December 14, 2021.
4. We have appointed Non-Executive Independent Director Mr. Shirish Amrutlal Kotadia and Mr. Pankil Anilbhai Gandhi, in Extra-Ordinary General Meeting held on December 14, 2021.
5. We have appointed Mrs. Beena Varun Koshiya & Mr. Narendra Gupta as Chief Financial Officer and Company Secretary respectively of the Company with effect from December 15, 2021.
6. Our Company has constituted an Audit Committee ("Audit Committee"), Nomination and Remuneration Committee and Stakeholders Relationship Committee vide Board Resolution dated December 15, 2021, as per the applicable provisions of the Section 177 of the Companies Act, 2013 and also to comply with SEBI (Listing Obligations and Disclosure 221 Requirements) Regulations, 2015 applicable upon listing of the Company's Equity shares on SME platform of BSE.

#### **FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS: -**

1. Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
2. Changes in laws and regulations relating to the sectors/areas in which we operate
3. Destruction in our Manufacturing facility;
4. Increased competition in our industry
5. Our ability to successfully implement our growth strategy and expansion plans;
6. Our ability to meet our further capital expenditure requirements;
7. Fluctuations in operating costs;
8. Our ability to attract and retain qualified personnel;
9. Conflict of Interest with affiliated companies, the promoter group and other related parties
10. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
11. Changes in government policies and regulatory actions that apply to or affect our business.
12. Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
13. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
14. The occurrence of natural disasters or calamities;
15. Our inability to maintain or enhance our brand recognition;
16. Inability to adequately protect our trademarks and
17. Changes in consumer demand.
18. Other factors beyond our control; and
19. Our ability to manage risks that arise from these factors.

#### **Our Significant Accounting Policies:**

Our significant accounting policies are described in the section entitled "Financial Information of our company" on page 118 of this Draft Prospectus.

#### **Change in accounting policies in previous 5 (five) years**

Except as mentioned in chapter "Financial Information of our Company" on page no. 118, there has been no change in accounting policies since incorporation.

#### **RESULTS OF OUR OPERATIONS**

(₹ in lakhs)

Sr. No	Particulars	For the period ended 30 <sup>th</sup> November 2021	% of Total Income
<b>A.</b>	<b>Revenue:</b>		
	Revenue from Operations	16.78	100.00
	Other income	0.00	0.00



	<b>Total revenue</b>	<b>16.78</b>	<b>100.00</b>
<b>B.</b>	<b>Expenses:</b>		
	Cost of Material Consumed	33.41	199.10
	Purchase of Stock in Trade	0.00	0.00
	Change in Inventories of Finished Goods, WIP & Stock in Trade	(25.87)	(154.17)
	Employees Benefit Expenses	0.22	1.31
	Finance costs	0.25	1.49
	Depreciation and Amortization	1.89	11.26
	Other expenses	4.92	29.32
	<b>Total Expenses</b>	<b>14.82</b>	<b>88.31</b>
	<b>Profit before tax</b>	<b>1.97</b>	<b>11.74</b>
	<b>Tax expense :</b>		
	Current tax	0.69	4.11
	Deferred Tax	(0.19)	(1.13)
	<b>Profit (Loss) for the period from continuing operations</b>	<b>1.47</b>	<b>8.76</b>

### Review of Restated Financials

**Revenue from Sale of Product:** Revenue from operations mainly consists from Sales of Products.

**Expenses:** Company's expenses consist of Cost of Raw material consumed, change in inventories of finished goods, WIP & stock in trade, employee benefit expenses, depreciation and amortization expenses.

**Employee Benefits Expense:** Employee benefit expense includes Salaries.

**Finance Costs:** Finance cost comprises interest on Indebtedness.

**Depreciation and Amortization Expense:** We recognize Depreciation and Amortization expense on a WDV Basis as per the rates set forth in the Companies Act, 2013.

**Other Expenses:** Other expenses includes Bank Charges, Electricity Expenses, Legal & Professional Expenses & Audit Fees

### **Financial Performance Highlights for the period ended 30<sup>th</sup> November 2021**

#### **Total Income:**

The company's total income which includes from Sale of Products during the stub period ended on 30<sup>th</sup> November 2021 was Rs. 16.78 Lakhs.

#### **Total Expenses:**

The total expenditure during the stub period ended on 30<sup>th</sup> November 2021 was Rs. 14.82 Lakhs. The total expenditure represents 88.31% of the total revenue. The total expenses are represented by Cost of Raw material consumed, change in inventories of finished goods, WIP & stock in trade, employee benefit expenses, depreciation and amortization expenses. The main constituent of total expenditure is Cost of Material Consumed amounting to Rs. 33.41 Lakhs.

#### **Profit/ (Loss) after tax:**

The restated net profit during the stub period ended on 30<sup>th</sup> November 2021 was Rs. 1.47 Lakhs representing 8.76% of the total revenue of the Company.



## Cash Flows

(₹ in lakhs)

Particulars	For the period ended on November 30, 2021
Net Cash from Operating Activities	(53.69)
Net Cash from Investing Activities	(116.17)
Net Cash used in Financing Activities	209.41

### *Cash Flows from Operating Activities*

Net cash from operating activities for sub period ended on November, 2021 was at ₹ (53.69) lakhs as compared to the Profit Before Tax at ₹ 1.97 lakhs. This was primarily due to adjustments against, inventories, trade receivables and trade payables.

### *Cash Flows from Investment Activities*

In Stub Period ended on November 30, 2021, the net cash invested in Investing Activities was ₹ (116.17) lakhs. This was mainly on account of purchase of fixed assets and Long Term Loans & Advances.

### *Cash Flows from Financing Activities*

In Stub Period ended on November 30, 2021, the net cash from financing activities was ₹ 209.41 lakhs. This was on account of proceeds from issuance of Equity Shares capital.

## QUALITATIVE DISCLOSURE ABOUT RISKS AND RISK MANAGEMENT

- Raw material cost risk** - Our operations are exposed to fluctuations in the price of raw material which impact the cost and margin of our Company.
- Inflation Risk** - Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.
- Credit Risk** - We are exposed to credit risk on monies owed to us by our customers and these payments are important part of our working capital requirements. If our customers do not pay us in a timely manner as per the schedule finalized, or at all, we may have to make provisions for, or write off, such amounts as cancellation costs.
- Liquidity risk** - The principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. We rely on customer booking advances and unsecured loans to meet our working capital requirements. We may be exposed to liquidity risk if we do not generate enough cash flow from operations, and do not pay off our trade payables as per the agreed contractual terms.
- Unusual or infrequent events or transactions** - Except as described in this draft Prospectus, there have been no events or transactions to our knowledge, which in our best judgment, would be considered unusual or infrequent.
- Significant economic changes that materially affected or are likely to affect income from continuing Operations** - Other than as described in the Section titled "Risk Factors" and chapter titled "Key Regulations and Policies", beginning on Page Nos. 19 and 88 respectively of this Prospectus, to our knowledge there are no significant economic or regulatory changes that we expect could have a material adverse effect on our results of operations.
- Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations** - Our business has been impacted and we expect will continue to be impacted by the trends identified above in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Our Results of Operations and Financial Condition" and the uncertainties described in Section titled "Risk Factors" beginning on Page Nos. 142 and 19, respectively of this Draft Prospectus.
- Future relationship between Costs and Income** - Other than as described in this section and in "Risk Factors" and "Business Overview" beginning on Page Nos. 19 and 78, respectively of this Draft Prospectus to the best of our



knowledge, there are no factors that are expected to have a material adverse effect on the relationship between our costs and income.

- 9. Total turnover in each major industry segment** - We operate in a RO Products manufacturing business for our financial statements prepared in accordance with Indian GAAP.
- 10. Publicly Announced New Products or Business Segments / Material increases in Revenue due to Increased Disbursements and Introduction of New Products** - We have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products, except as disclosed in this Prospectus.
- 11. Seasonality of business** - Our business is not seasonal in nature. For further details, please refer section and chapter titled “Risk Factors” and “Business Overview” beginning on Page Nos. 19 and 78 respectively, of this Draft Prospectus.
- 12. Competitive Conditions** - We operate in a competitive environment. For further details, please refer section and chapter titled “Risk Factors” and “Business Overview” beginning on Page Nos. 19 and 78 respectively, of this Draft Prospectus.





### CAPITALISATION STATEMENT

(Rs. In Lakhs)

Sr. No	Particulars	Pre issue	Post issue
	<b>Debts</b>		
A	Long Term Debt*	36.34	36.34
B	Short Term Debt	16.51	16.51
C	<b>Total Debt</b>	<b>52.86</b>	<b>52.86</b>
	<b>Equity Shareholders Funds</b>		
	Equity Share Capital#	140.00	**
	Reserves and Surplus	18.27	**
D	<b>Total Equity</b>	<b>158.27</b>	<b>-</b>
	Long Term Debt/ Equity Ratio (A/D)	0.23	-
	Total Debt/ Equity Ratio (C/D)	0.33	-
Notes :			
* The amounts are consider as outstanding as on 30.11.2021			
** The Post Issue figures is not available as the Issue Price is yet to be finalized.			



## **SECTION X - 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; or (iv) Material Litigation (as defined below); involving our Company, Directors, Promoters or Group Companies. Our Board, in its meeting held on December 15, 2021, determined that all pending litigation involving our Company, holding, Subsidiary, Directors, Promoters and Group Companies, other than criminal proceedings and statutory or regulatory actions, disciplinary actions including penalty imposed by SEBI or stock exchanges, claims related to direct and indirect taxes, would be considered 'material' if the monetary amount of claim by or against the entity or person in any such pending proceeding is in excess of Rs. 1,00,000/- ("Material Litigation").*

*As per the materiality policy adopted by the Board of our Company in its meeting held on December 15, 2021, creditors of our Company The outstanding dues to creditors in excess of Rs. 1,00,000/- will be considered material. Details of outstanding dues to creditors (including micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006) as required under the SEBI Regulations have been disclosed on our website at [www.qualityro.in](http://www.qualityro.in)*

*Our Company, Directors, Promoter and Group Companies are not Wilful Defaulters and there have been no violations of securities laws in the past or pending against them.*

### **OUTSTANDING TAXATION MATTERS INVOLVING OUR COMPANY, DIRECTORS, PROMOTERS AND SUBSIDIARIES**

#### **PART 1: LITIGATION RELATING TO OUR COMPANY**

##### **A. FILED AGAINST OUR COMPANY**

###### **1) Litigation involving Criminal Laws**

NIL

###### **2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

###### **3) Disciplinary Actions by Authorities**

NIL

###### **4) Litigation involving Tax Liability**

Direct Tax – NIL

Indirect Tax – NIL

###### **5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

##### **B. CASES FILED BY OUR COMPANY**

###### **1) Litigation involving Criminal Laws**

NIL

###### **2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

###### **3) Disciplinary Actions by Authorities**



NIL

**4) Litigation involving Tax Liability**

NIL

**5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

**PART 2: LITIGATION RELATING TO OUR DIRECTORS AND PROMOTER OF THE COMPANY**

**A. LITIGATION AGAINST OUR DIRECTORS AND PROMOTER**

**1) Litigation involving Criminal Laws**

NIL

**2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3) Disciplinary Actions by Authorities**

Penal proceedings were launched against Mr. Vivek Dholiya and several other persons, under the provisions of Mines and Mineral (Regulation and Development) Act, 1957 and Gujarat Mineral (Prevention of illegal Mining Storage and Transportation) Rules, 2015 for illegal mining and transportation of Sand by one of his vehicle no. GJ-06, AB and the vehicle was seized under the provisions of Gujarat Mineral (Prevention of illegal Mining, Storage and Transportation) Rules. Later Mr. Vivek Dholiya filed a Petition bearing Special Civil Application no. 16493 of 2015 against the state of Gujarat, praying for the release of the vehicle.

After looking into the merits of the request, the Hon'ble High Court of Gujarat ordered the release of the Vehicle, subject to the execution of a bond under Rule 18 of the Rules. However, this order of the Hon'ble Court in no manner interfered in respect of any penal proceedings launched against the petitioner a several other persons under the Mines and Mineral (Regulation and Development) Act, 1957 and Gujarat Mineral (Prevention of illegal Mining Storage and Transportation) Rules, 2015 and such proceedings were allowed to be carried against the petitioner as a separate proceedings and the same is still under consideration with the respective authority.

**4) Litigation involving Tax Liability**

A defective Notice u/s. 139(9) of the Income Tax Act, 1961 for F.Y. 2016-17, had been issued against Mr. Vivek Dholiya, one of our Promoter cum Director. However, no penalty or pending demand has been assessed in the matter till date.

**5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

**B. LITIGATION FILED BY OUR DIRECTORS AND PROMOTER**

**1) Litigation involving Criminal Laws**

NIL

**2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3) Disciplinary Actions by Authorities**



NIL

**4) Litigation involving Tax Liability**

NIL

**5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

**PART 3: LITIGATION RELATING TO OUR SUBSIDIARIES**

**A. LITIGATION AGAINST OUR SUBSIDIARIES**

**1) Litigation involving Criminal Laws**

NIL

**2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3) Disciplinary Actions by Authorities**

NIL

**4) Litigation involving Tax Liability**

NIL

**5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

**B. LITIGATION FILED BY OUR SUBSIDIARIES**

**1) Litigation involving Criminal Laws**

NIL

**2) Litigation Involving Actions by Statutory/Regulatory Authorities**

NIL

**3) Disciplinary Actions by Authorities**

NIL

**4) Litigation involving Tax Liability**

NIL

**5) Other Pending Litigation based on Materiality Policy of our Company**

NIL

**MATERIAL DEVELOPMENTS OCCURING AFTER LAST BALANCE SHEET DATE**



Except as disclosed in Chapter titled “Management’s Discussion & Analysis of Financial Conditions & Results of Operations” beginning on page 142 there have been no material developments that have occurred after the Last Balance Sheet Date.

#### **OUTSTANDING DUES TO CREDITORS**

There are no disputes with such entities in relation to payments to be made to our Creditors. The details pertaining to amounts due towards such creditors are available on the website of our Company.

Below are the details of the Creditors where outstanding amount as on November 30, 2021: -

<b>Name</b>	<b>Balance as on 30.11.2021 (in Lakhs)</b>
Total Outstanding dues to Micro and Small & Medium Enterprises	--
Total Outstanding dues to Creditors other than Micro and Small & Medium Enterprises	27.26



## **GOVERNMENT AND OTHER APPROVALS**

*We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Draft Prospectus) and except as mentioned below, no further approvals are required for carrying on our present business.*

*In view of the approvals listed below, we can undertake this Issue and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Issue or to continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Draft Prospectus.*

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities. The following are the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business:

### **Approvals In Relation to Our Company's incorporation**

1. Certificate of Incorporation dated September 30, 2021 from the Registrar of Companies, Central Registration Centre (issued on behalf of Jurisdictional Registrar of Companies), under the Companies Act, 2013 as "QUALITY RO INDUSTRIES PRIVATE LIMITED" (Corporate Identification No.: U29308GJ2021PTC126004);
2. Fresh Certificate of Incorporation dated December 13, 2021 from the Registrar of Companies, Ahmedabad, Gujarat, under the Companies Act, 2013 upon conversion of the Company from "QUALITY RO INDUSTRIES PRIVATE LIMITED" to "QUALITY RO INDUSTRIES LIMITED" vide shareholder's resolution dated November 29, 2021 (Corporate Identification No.: U29308GJ2021PLC126004);

### **Approvals in relation to the Issue**

#### ***Corporate Approvals***

1. Our Board of Directors has, pursuant to resolutions passed at its meeting held on December 13, 2021 authorized the Issue, subject to the approval by the shareholders of our Company under section 62(1) (c) of the Companies Act, 2013.
2. Our shareholders have, pursuant to a resolution dated December 14, 2021, under Section 62(1) (c) of the Companies Act, 2013, authorized the Issue.
3. Our Board of Directors has, pursuant to a resolution dated December 23, 2021 and [●] authorized our Company to take necessary action for filing the Draft Prospectus and Prospectus respectively with BSE SME.

#### ***Approvals from Stock Exchange***

1. Our Company has received in- principle listing approval from the BSE SME dated [●] for listing of Equity Shares issued pursuant to the issue.

#### ***Other Approvals***

1. The Company has entered into a tripartite agreement dated [●] with the Central Depository Services (India) Limited (CDSL) and the Registrar and Transfer Agent, who in this case is Skyline Financial Services Private Limited, for the dematerialization of its shares.
2. The Company has entered into an agreement dated [●] with the National Securities Depository Limited (NSDL) and the Registrar and Transfer Agent, who in this case is Skyline Financial Services Private Limited, for the dematerialization of its shares.





## **Approvals/Licenses/Permissions in relation to our Business**

### ***Tax Related Approvals***

S.No	Description	Address of Place of Business / Premises	Registration Number	Issuing Authority	Date of issue	Date of Expiry
1.	Permanent Account Number (PAN)	Not Applicable	AAACQ7739F	Income Tax Department	30.09.2021	Valid till Cancelled
2.	Tax Deduction Account Number (TAN)	Not Applicable	BRDQ00083G	Income Tax Department	30.09.2021	Valid till Cancelled
3.	GST Registration Certificate	Plot No. 09, POR Industrial Park, NH 08 Behind Sahayog Hotel, Village POR, Vadodara - 391243, Gujarat, India	24AAACQ7739F 1ZE	Goods and Services Tax department	28.10.2021	Valid till Cancelled

### ***Other Approvals***

S.No.	Description	Registration Number	Issuing Authority	Date of issue	Date of Expiry
2.	Registration under the Employees Provident fund (EPF)	VDBRD2479418000	Employees Provident Fund	28.02.2019	Valid till Cancelled
3.	Registration under State Insurance Act (ESIC)	38000538070001099	Employees State Insurance Corporation of India		Valid till Cancelled

## **INTELLECTUAL PROPERTY**

**The Details of Domain Name registered on the name of the Company is: -**

S. No.	Domain Name and ID	Sponsoring Registrar and IANA ID	Registrant Name	Creation Date	Registration Expiry Date
1.	Domain Name – <a href="http://www.qualityro.in">www.qualityro.in</a> Domain ID - DFEDBFA0EA6B649B182F5076AE75AD16C-IN	Registrar: GoDaddy.com, LLC Registrar IANA ID: 146	Registrant Name: Mr. Vivek Dholiya*	11-09-2021	11-09-2023

\* Our Company has executed the assignment agreement dated December 15, 2021 for exclusive use of domain with our Promoter and Managing Director Mr. Vivek Dholiya.



## **SECTION XI: INFORMATION WITH RESPECT TO GROUP COMPANIES**

As per the SEBI ICDR Regulations, 2018 for the purpose of identification of Group Companies, our Company has considered companies covered under the Accounting Standard 18 as per Restated Financial Statements (other than our Subsidiary Company if any) and other companies considered material by our Board with which our Company has had related party transactions during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board.

Pursuant to a resolution of our Board dated December 15, 2021 for the purpose of disclosure in relation to Group Companies in connection with the Issue, a company shall be considered material and disclosed as a Group Company if Such company forms part of the Promoter Group of our Company in terms of Regulation of the SEBI ICDR Regulations and Companies who entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding 10% of total revenue of the company as per Restated Financial Statements.

Based on the above, our Company does not have "Group Companies" in terms of the definition provided for above, as on date of this Draft Prospectus.



## **SECTION XII - OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

#### **Fresh Issue**

This Issue in terms of this Draft Prospectus has been authorized by the Board of Directors pursuant to a resolution dated December 13, 2021 and by the shareholders pursuant to a special resolution in an Extra-Ordinary General Meeting held on December 14, 2021 under section 62 (1) (c) of the Companies Act, 2013.

Our Company has obtained in-principle approval from the SME Platform of BSE for using its name in the Draft Prospectus/Prospectus pursuant to letter dated [●] BSE is the Designated Stock Exchange.

#### **Prohibition by the SEBI or other Governmental Authorities**

Our Company, our Promoter, our Promoter Group, our Directors, Person in control of Promoter or Company, have not been prohibited from accessing the capital market for any reason or restrained from buying, selling or dealing in securities, under any order or directions by the SEBI or any other regulatory or government authorities.

The listing of any securities of our Company has never been refused by any of the Stock Exchanges in India.

None of our Directors are associated with the securities market and there are no violations of securities laws committed by any of them in the past or pending against them, nor have any companies with which our director was associated have been debarred or prohibited from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

Further, none of our Promoter or Directors are declared as fugitive economic offenders under Fugitive Economic Offenders Act, 2018.

#### **Association with Securities Market**

None of our Directors in any manner are associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our Directors are associated as promoters or directors

#### **Prohibition by RBI**

Neither our Company, our Promoter, our Directors, the relatives (as defined under the Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a wilful defaulter by the RBI or other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided in the chapter “Outstanding Litigations and Material Development” beginning on page 153 of the Draft Prospectus.

#### **Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company is in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 (“SBO Rules”), to the extent applicable, as on the date of the Draft Prospectus.

#### **Eligibility for the Issue**

Our Company is eligible in terms of Regulations 230 of SEBI ICDR Regulations for this Issue\*.

\* The Company will comply with requirement of Regulation 230 before filing of Prospectus with ROC.

Our Company is eligible for the Issue in accordance with the Regulation 229 (1) of Chapter IX of the SEBI ICDR Regulations, whereby, an issuer whose post issue paid-up capital is less than ten crore rupees. Our Company shall issue shares to the public and has proposed to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE Limited i.e. BSE SME).

As per Regulation 229 (3) of the SEBI ICDR Regulations, our Company satisfies track record and/or other eligibility conditions of BSE in accordance with the Restated Financial Statements, prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations.



We confirm that:

1. In accordance with regulation 260 of the SEBI ICDR Regulations, this Issue was 100% underwritten and shall not restrict to the minimum subscription level. The LM shall underwrite at least 15% of the total Issue size. For further details pertaining to underwriting please refer to section titled “General Information” beginning on page 39 of this Draft Prospectus.
2. In accordance with Regulation 268(1) of the SEBI ICDR Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. In accordance with Regulation 246 of the SEBI ICDR Regulations, we will file Draft Prospectus with SEBI as well as stock exchange (s). However, Board shall not issue any observation pursuant to Regulation 246(2) of the SEBI ICDR Regulations.
4. In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the LM and Market Maker to ensure compulsory market making for the minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the market making arrangement see section titled “General Information” beginning on page 39 of this Draft Prospectus.
5. Our Company was incorporated on September 30, 2021, under the Companies Act, 2013 with the Registrar of Companies, Central Registration Centre.
6. As on the date of this Draft Prospectus, our Company has a total paid-up capital of Rs. 140 Lakhs comprising 14,00,000 Equity Shares and the Post issue Capital will be Rs. [●] Lakhs comprising [●] Equity Shares which shall be below Rs. 25 crores.
7. The Proprietorship firm which has been taken over by our Company have combined track record of 3 years.
8. The company including its sole proprietorship have combined positive cash accruals (earnings before depreciation and tax) in two of the year out of last three years.

The Financial Details of Proprietorship firm is as follows: -

(Amount in Lakhs)			
Particulars	March 31, 2021	March 31, 2020	March 31, 2019
Proprietor's Capital	102.73	99.43	87.67
Revenue from Operation	130.97	151.51	102.23
Net Profit/(Loss)	4.01	1.19	(5.74)

The above details are extracted from Income Tax return filed by Proprietorship firm “Quality RO Products” of our Promoter Mr. Vivek Dholiya.

9. The Net-worth of our Company is Positive as per latest audited financial statement.
10. Our Company's net worth and cash accruals from operations (earnings before depreciation and tax), based on the Restated Financial Statements included in this Draft Prospectus for the stub period ended on November 30, 2021 is set forth below:

(Amount in Lakhs)	
Particulars	November 30, 2021
Net Worth	158.27
Net Tangible Assets	158.27
Cash Accruals	3.86

- Net Worth has been computed as the aggregate of equity shares capital and reserves (excluding revaluation reserves) and after deducting miscellaneous expenditure not written off, if any.*
- Net Tangible Assets is total tangible assets less outside liabilities.*
- Cash accruals has been defined as the Earnings before depreciation and tax from operations.*

11. The Company will mandatorily facilitate trading in demat securities and will enter into agreement with both the depositories.



12. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
13. 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.
14. No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the company.
15. 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 promoters, Group Companies, companies promoted by the promoters of the company.
16. Our Company has a website i.e. [www.qualityro.in](http://www.qualityro.in)

**Other Disclosures:**

- 1) We have Disclosed all material regulatory or disciplinary action by a stock exchange or regulatory authority in the past one year in respect of promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) of the applicant company in the Draft Prospectus.
- 2) There are no Defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) during the past three years. Except as mentioned in the Draft Prospectus. An auditor's certificate will be provided by the issuer to the exchange, in this regard.
- 3) We have Disclosed the details of the applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) litigation record, the nature of litigation, and status of litigation, For details, please refer the chapter "Outstanding Litigation & Material Developments" on page no. 153 of this Draft Prospectus.
- 4) We have disclosed all details of the track record of the directors, the status of criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc. For Details, refer the chapter "Outstanding Litigation & Material Developments" on page no. 153 of this Draft Prospectus.

As per Regulation 230 (1) of the SEBI ICDR Regulations, our Company has ensured that:

- The Draft Prospectus has been filed with BSE and our Company has made an application to BSE for listing of its Equity Shares on the SME platform. BSE is the Designated Stock Exchange.
- Our Company has entered into an agreement dated [●] with NSDL and agreement dated [●] with CDSL for dematerialization of its Equity Shares already issued and proposed to be issued.
- The entire pre-Issue capital of our Company has shares fully paid-up Equity Shares and the Equity Shares proposed to be issued pursuant to this IPO will be fully paid-up.
- The entire Equity Shares held by the Promoters will be dematerialized form.
- Our Company has made firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance for funding from the issue proceeds, excluding the amount to be raised through the proposed public offer or through existing identifiable internal accruals – Not required as the object of Issue is Capital expenditure, working capital requirement, general corporate purpose and issue expenses, for details, please refer the chapter "Objects of the Issue" on page no. 58 of this Draft Prospectus.

Our Company confirms that it will ensure compliance with the conditions specified in Regulation 230 (2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulation 228 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 228 of the SEBI ICDR Regulations are as follows:

- (a) Neither our Company nor our Promoter, members of our Promoter Group or our Directors are debarred from accessing the capital markets by the SEBI.



- (b) None of our Promoter or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- (c) Neither our Company nor our Promoters or Directors is a wilful defaulter.
- (d) None of our Promoters or Directors is a fugitive economic offender.

We further confirm that we shall be complying with all other requirements as laid down for such 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.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MERCHANT BANKER, SHRENI SHARES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER, SHRENI SHARES PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●]**

**THE FILING OF THE DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE DRAFT PROSPECTUS.**

*Note:*

*All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Ahmedabad in terms of sections 26, 32 and 33 of the Companies Act,*

#### **Disclaimer from our Company and the Lead Manager**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than those contained in this Draft Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The LM accept no responsibility, save to the limited extent as provided in the Agreement entered between the LM (Shreni Shares Private Limited) and our Company on December 15, 2021 and the Underwriting Agreement dated [●] entered into between the Underwriters and our Company and the Market Making Agreement dated [●] entered into among the Market Maker and our Company.

All information shall be made available by our Company and the 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 Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, Group Entities, 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 Entities, and our affiliates or associates, for which they have received and may in future receive compensation.

### **Disclaimer in Respect of Jurisdiction**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are 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 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 Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in Mumbai.

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 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 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.

### **Caution**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not offer sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The LM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Group Companies, and their respective affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, and their respective affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

### **Disclaimer Clause under Rule 144a of the U.S. Securities Act**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S 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 Regulation S 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 Bids 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.



## **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of this Draft Prospectus shall be submitted to the SME Platform of BSE. The disclaimer clause as intimated by the BSE to us post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to filing with the RoC.

## **Filing**

This Draft Prospectus is being filed with BSE Limited, Exchange Plaza, 25th Floor, P J Towers, Dalal Street, Mumbai - 400001 Maharashtra, India.

Pursuant to Regulation 246(5) of SEBI ICDR Regulations, 2018, the copy of the Draft Prospectus shall also be furnished to the SEBI in a soft copy. However, SEBI will not issue any observation on the Draft 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 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 under Section 26 of the Companies Act, 2013 would be filed for registration to the Registrar of Companies, Ahmedabad.

## **Listing**

Application will be made to the BSE Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE Limited is the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The SME Platform of BSE Limited has given its in-principle approval for using its name in our Offer documents vide its letter [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE Limited, our Company will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE Limited mentioned above are taken within six Working Days from the Issue Closing Date.

## **Impersonation**

Attention of the Applicants is specifically drawn to the provisions 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 to action under section 447 of the Companies, Act 2013

## **Consents**

Consents in writing of (a) Our Directors, Our Promoters, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Our Peer Review Auditor, Our Banker(s) to the Company\*; (b) Lead Manager, Registrar to the Issue, Banker(s) to the Issue\*, Legal Advisor to the Issue, Underwriter(s) to the Issue\* and Market Maker to the Issue\* to act



in their respective capacities have been obtained as required under section 26 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 consent will be taken while registering the Prospectus with Roc.*

In accordance with the Companies Act and the SEBI ICDR Regulations, M/s A Y & Co., Chartered Accountant Peer Review Auditors of the Company have agreed to provide their written consent to the inclusion of their respective reports on Statement of Special Tax Benefits relating to the possible tax benefits and restated financial statements as included in this Draft 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 this Draft Prospectus.

### **Experts Opinion**

Except for the reports in the chapter “Financial information of our Company” and “Statement of Special Tax Benefits” on page 118 and 66 of this Draft Prospectus from the Peer Review Auditors and 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.

### **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 Prospectus except as disclosed in this Draft Prospectus.

### **Previous issues of Equity Shares otherwise than for cash**

For detailed description please refer to section titled “Capital Structure” beginning on page 47 of this Draft 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.

### **Particulars in regard to our Company and other listed group-companies / subsidiaries/ associates under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 / Section 186 of the Companies Act, 2013 which made any capital issue during the last three years:**

Neither our Company nor any other companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956 has made / Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three years.

### **Performance vis-à-vis objects – Public/rights issue of our Company and/or listed Group Companies/ Subsidiaries and Associates of our Company**

Except as stated in the section titled “Capital Structure” beginning on page 47 of this Draft Prospectus our Company has not undertaken any previous public or rights issue. None of the Group Companies/ Entities or associates of our Company are listed on any stock exchange.

### **Performance vis-a-vis objects - Last Issue of Group/Associate Companies**

Except as disclosed in this Draft Prospectus, all of our Group/ Associate are unlisted and have not made a public issue of shares.

### **Outstanding Debentures or Bond Issues or Redeemable Preference Shares and other instruments**

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this Draft Prospectus.



### **Outstanding Convertible Instruments**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Prospectus.

### **Option to Subscribe**

Equity Shares being offered through the Prospectus can be applied for in dematerialized form only.

### **Stock Market Data of the Equity Shares**

This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any Stock Exchanges.

### **Mechanism for Redressal of Investor Grievances**

The Agreement amongst the Registrar to the Issue, our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) year from the last date of dispatch of the letters of allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

We hereby confirm that there is no investor complaints received during the three years preceding the filing of Draft Prospectus. Since there is no investor complaints received, none are pending as on the date of filing of this Draft Prospectus.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

The Applicant should give full details such as name of the sole/ first Applicant, Application Form number, Applicant DP ID, Client ID, PAN, date of the Application Form, address of the Applicant, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Application Form was submitted by the Applicant. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents or information mentioned herein above.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (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 constituted Stakeholders Relationship Committee in the meeting of our Board of Directors held on December 15, 2021 For further details on the Stakeholders Relationship Committee, please refer to chapter titled “Our Management” beginning on page 100 of this Draft Prospectus.

**Our Company has appointed Mr. Narendra Gupta, Company Secretary, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue. Contact details for our Company Secretary and Compliance Officer are as follows:**

**Mr. Narendra Gupta**

**QUALITY RO INDUSTRIES LIMITED**

Plot No. 09, POR Industrial Park,

NH 08 Behind Sahayog Hotel,

Village POR, Vadodara-391243, Gujarat, India.

**Tel. No.:** +91- 6358 839 303

**E-mail:** [cs@qualityro.in](mailto:cs@qualityro.in)

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

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of 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)

### **Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of this Draft Prospectus and hence there are no pending investor complaints as on the date of this Draft 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.

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

Except as disclosed in section titled “General Information” beginning on Page 39 of this Draft Prospectus; there are no changes in the Auditors of the company during the last three years.

### **Capitalization of Reserves or Profits**

Except as disclosed under section titled “Capital Structure” beginning on page 47 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time since incorporation.

### **Revaluation of Assets**

Our Company has not revalued its assets since incorporation.

### **Tax Implications**

Investors who are allotted Equity Shares in the Issue 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 chapter titled “Statement of Special Tax Benefits” beginning on page 66 of this Draft Prospectus.

### **Servicing Behavior**

Except as stated in this Draft Prospectus, 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 in chapter titled “Our Management” beginning on page 100 and Restated Statement of Related Party Transactions” under chapter titled “Financial Information of our Company” beginning on page 118 of the Draft Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

### **Price information of past issues handled by Shreni Shares Private Limited**

Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Shreni Shares Private Limited.

Sr. No.	Issue name	Issue size (Rs. In Crores)	Issue price (Rs.)	Listing Date	Opening price on Listing Date (in Rs.)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th	+/- % change in closing price, [+/- % change in closing benchmark] - 90th	+/- % change in closing price, [+/- % change in closing benchmark] - 180th



						calendar days from listing	calendar days from listing	calendar days from listing
1.	Cospower Engineering Limited	2.04	51.00	March 30, 2020	51.00	+26.84, [+15.05]	+30.89, [+23.67]	+5.46, [+31.46]
2.	Ksolves India Limited	4.02	100.00	July 6, 2020	101.95	+2.90, [+3.14]	+111.41, [+6.07]	+346.21, [+30.24]
3.	Bodhi Tree Multimedia Limited	3.70	95.00	October 21, 2020	95.00	-13.36, [+7.72]	-17.80, [+21.64]	-16.49, [+20.29]
4.	Shine Fashions (India) Limited	1.60	40.00	November 2, 2020	40.50	-0.38, [+12.23]	+25.16, [+16.42]	+84.58, [+22.70]
5.	Adjia Technologies Limited	2.00	74.00	March 15, 2021	74.50	-45.99, [-3.67]	-37.04, [+4.13]	-61.62, [+15.70]
6.	Getalong Enterprise Limited	5.18	69.00	October 08, 2021	73.05	-7.43, [+0.01]	-	-
7.	DMR Hydroengineering & Infrastructures Ltd	2.09	21.00	December 07, 2021	25.00	-	-	-

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

Note:

1. The BSE SENSEX and CNX NIFTY are considered as the Benchmark Index.
2. Price on BSE/NSE are considered for all the above calculations.
3. In case 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day is a holiday, the price/index of the immediately preceding trading day has been considered.
4. In case 30<sup>th</sup>, 90<sup>th</sup> and 180<sup>th</sup> day, scripts are not traded then the share price of the immediately preceding trading day has been considered.

Summary statement of price information of past issues handled by Shreni Shares Private Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ Crores)	Nos. of IPOs trading at discount on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium on as on 30 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at discount as on 180 <sup>th</sup> calendar days from listing date			Nos. of IPOs trading at premium as on 180 <sup>th</sup> calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%
2021-2022 <sup>s</sup>	***2	7.27	-	-	1	-	-	-	-	-	-	-	-	-
2020-2021	**4	11.32	-	1	2	-	-	1	1	-	1	2	-	-
2019-2020	*1	2.04	-	-	-	-	1	-	-	-	-	-	-	1

\* The script of Cospower Engineering Limited was listed on March 30, 2020.

\*\* The script of KSolves India Limited, Bodhi Tree Multimedia Limited, Shine Fashions (India) Limited and Adjia Technologies Limited were listed on July 6, 2020, October 21, 2020, November 2, 2020 and March 15, 2021 respectively.

\*\*\* The script of Getalong Enterprise Limited and DMR Hydroengineering & Infrastructures Ltd were listed on October 08, 2021 and December 07, 2021 respectively.





*\$ The script of Getalong Enterprise Limited have not completed 180 Days from the date of listing and DMR Hydroengineering & Infrastructures Limited have not completed 30 Days and 180 Days from the date of listing.*

***Note:** Authum Investment and Infrastructure Limited is Rights Issue lead managed by Shreni Shares Private Limited in the Financial Year 2020-2021 and the same has not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.*

**Note:**

**Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not 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 Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.**



## **SECTION XIII – ISSUE RELATED INFORMATION**

### **TERMS OF THE ISSUE**

*The Equity Shares being Allotted pursuant to this Issue shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA, SCRR, our Memorandum of Association and Articles of Association, the terms of the Draft Prospectus, the Prospectus, the Abridged Prospectus, Application Form, any Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the Issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange(s), the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchange(s), the RoC and/or any other authorities while granting its approval for the Issue.*

### **RANKING OF EQUITY SHARES**

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, SEBI Listing Regulations, SEBI ICDR Regulations, SCRA read with SCRR, the Memorandum of Association and the Articles of Association and will rank pari passu in all respects with the existing Equity Shares of our Company, including in respect of rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment/transfer in accordance with the provisions of the Companies Act, 2013 and the Articles of Association. For further details, please refer to chapter titled “Description of Equity Shares and Terms of the Articles of Association” beginning on page 201 of the Draft Prospectus.

### **MODE OF PAYMENT OF DIVIDEND**

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment will be payable to the Applicants who have been Allotted Equity Shares in the Issue, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see “Dividend Policy” and “Description of Equity Shares and Terms of the Articles of Association” beginning on page 117 and 201, respectively of this Draft Prospectus.

### **FACE VALUE AND ISSUE PRICE**

The Equity Shares having a face value of Rs 10 each are being issued in terms of this Draft Prospectus at the price of Rs [●] /- per Equity Share. The Issue Price has been determined by our Company consultation with the Lead Manager and is justified under the chapter titled “Basis for Issue Price” beginning on page 64 of this Draft Prospectus.

At any given point of time there shall be only one denomination of the Equity Shares of our Company, subject to applicable laws.

### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by the SEBI from time to time.

### **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability of the Equity Shares, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights,



dividend, forfeiture and lien, transfer, transmission and/or consolidation or splitting, see “Description of Equity Shares and Terms of the Articles of Association” beginning on page 201 of this Draft Prospectus.

### **ALLOTMENT ONLY IN DEMATERIALISED FORM**

Pursuant to Section 29 of the Companies Act, 2013 and the SEBI ICDR Regulations, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialized form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- 1) Tripartite agreement dated [●] between our Company, NSDL and the Registrar to the Issue.
- 2) Tripartite agreement dated [●] between our Company, CDSL and the Registrar to the Issue.
- 3) The Company’s shares bear ISIN – [●].

### **MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT**

Trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012 and the same may be modified by BSE SME Platform of BSE Limited from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Issue will be done in multiples of [●] Equity Share subject to a minimum allotment of [●] Equity Shares to the successful Applicants.

Further, in accordance with SEBI ICDR Regulations the minimum application size in terms of number of specified securities shall not be less than Rs 1.00 Lakh per application.

### **MINIMUM NUMBER OF ALLOTTEES**

In accordance with Regulation 268 (1) of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within eight (8) Working days of closure of Issue.

### **JOINT HOLDERS**

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, Maharashtra.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (“Securities Act”) and may not be issued or sold within the United States (as defined in Regulation S 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 are only being issued and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those issue and sales occur.**

### **NOMINATION FACILITY TO INVESTORS**

In accordance with Section 72 (1) & 72 (2) 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 (3) 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 accordance to Section 72 (4) of the Companies Act, 2013, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Articles of Association of the Company, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:



- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Applicant would prevail. If the Applicant wants to change the nomination, they are requested to inform their respective Depository Participant.

## WITHDRAWAL OF THE ISSUE

Our Company in consultation with the LM, reserve the right not to proceed with the Issue, after the Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-issue advertisements were published, within two days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue and inform the Stock Exchanges simultaneously. The LM, through the Registrar to the Issue, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

If our Company in consultation with the LM, withdraw the Issue after the Issue Closing Date and thereafter determine that they will proceed with an issue of the Equity Shares, our Company shall file a fresh Draft Prospectus. Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and the filing of the Prospectus with the RoC.

## ISSUE PROGRAM

Issue Opens on	[●]
Issue Closes on	[●]

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

Event	Indicative Date
Issue Closing Date	On or about [●]
Finalization of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of Refunds / unblocking of funds from ASBA Account*	On or about [●]
Credit of Equity Shares to demat account of the Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

*\*In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled/ withdrawn/ deleted ASBA Forms, the Applicant shall be compensated at a uniform rate of Rs 100 per day or 15% per annum of the Application Amount, whichever is higher from the date on which the request for cancellation/ withdrawal/ deletion is placed in the Stock Exchanges Applying platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Applicant shall be compensated at a uniform rate Rs 100 per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Application Amount, the Applicant shall be compensated at a uniform rate of Rs 100 per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted/ partially allotted Application, exceeding four Working Days from the Issue Closing Date, the Applicant shall be compensated at a uniform rate of Rs 100 per day or 15% per annum of the Application Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Issue Closing Date by the SCSB responsible for causing such delay in unblocking. The post Issue LM shall be liable for compensating the Applicant at a uniform rate of Rs 100 per day or 15% per annum of the Application Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the 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 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.*



The above timetable, other than the Issue Closing Date, is indicative and does not constitute any obligation on our Company or the LM.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Issue Closing Date or such period as may be prescribed, the timetable may be extended due to various factors, such as extension of the Issue Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Prospectus may result in changes to the above mentioned timelines. Further, the issue procedure is subject to change basis any revised SEBI circulars to this effect.

#### **Submission of Applications (other than Applications from Anchor Investors):**

<b>Issue Period (except the Issue Closing Date)</b>	
Submission and Revision in Applications	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
<b>Issue Closing Date</b>	
Submission and Revision in Applications	Only between 10.00 a.m. and 3.00 p.m. IST

#### **On the Issue Closing Date, the Applications shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Applications by QIBs and Non-Institutional Applicants, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of applications by Retail Individual Investors.

On Issue Closing Date, extension of time will be granted by Stock Exchanges only for uploading Applications received by Retail Individual Investors after taking into account the total number of Applications received and as reported by the LM to the Stock Exchanges.

It is clarified that Applications not uploaded on the electronic bidding system or in respect of which the full Application Amount is not blocked in the relevant ASBA Account, would be rejected.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Applications one day prior to the Issue Closing Date. Any time mentioned in this Draft Prospectus is IST. Applicants are cautioned that, in the event a large number of applications are received on the Issue Closing Date, some applications may not get uploaded due to lack of sufficient time. Such applications that cannot be uploaded will not be considered for allocation under the Issue. Applications will be accepted only during Working Days. None of our Company or any member of the Syndicate shall be liable for any failure in uploading the Applications due to faults in any software or hardware system or blocking of application amount by SCSBs on receipt of instructions from the Sponsor Bank due to any errors, omissions, or otherwise non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in the UPI Mechanism.

#### **MINIMUM SUBSCRIPTION**

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the Issue through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the Issue, our Company shall forthwith refund the entire subscription amount received, if there is a delay beyond eight (8) days, after our Company become liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest as prescribed under the SEBI Regulations, the Companies Act, 2013 and applicable laws.

In accordance with Regulation 260 (1) of the SEBI ICDR Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the Issue through this Draft Prospectus and shall not be



restricted to the minimum subscription level. Further, in accordance with Regulation 267 (2) of the SEBI ICDR Regulations, our Company shall ensure that the minimum application size shall not be less than Rs 1,00,000 (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the application law of such jurisdiction.

#### **ARRANGEMENTS FOR DISPOSAL OF ODD LOTS**

The trading of the Equity Shares will happen in the minimum contract size of [●] shares. 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 BSE SME Platform of BSE Limited.

#### **RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES**

The lock-in of the pre-issue capital of our Company as provided in “Capital Structure” beginning on page 47 of this Draft Prospectus and except as provided in our Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see “Description of Equity Shares and Terms of the Articles of Association” beginning on page 201 of this Draft Prospectus.

#### **NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

#### **MIGRATION TO MAIN BOARD**

In accordance with the BSE Circular dated March 10, 2014, our Company will have to be mandatorily listed and traded on the BSE SME Platform of BSE Limited for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter IX of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter IX of the SEBI ICDR Regulation, our Company may migrate to the main board of BSE from the BSE SME Platform of BSE Limited on a later date subject to the following:

- If the Paid up Capital of the Company is likely to increase above Rs25 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 fulfilment 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 Rs10 crores but below Rs25 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 shareholders in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

#### **MARKET MAKING**

The shares issued through this Issue are proposed to be listed on the BSE SME Platform of BSE Limited with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on BSE SME Platform of BSE Limited. For further details of the market making arrangement please refer the chapter titled “General Information” beginning on page 39 of this Draft Prospectus.





## **ISSUE STRUCTURE**

This Issue is being made in terms of Regulation 229(1) of Chapter IX of SEBI ICDR Regulations as amended from time to time, whereby, an issuer whose post issue paid up capital is less than or equal to Rs 10 Crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the BSE SME). For further details regarding the salient features and terms of such an issue please refer chapter titled "Terms of the Issue" and "Issue Procedure" on page 171 and 178 of this Draft Prospectus

The Issue comprise of a Public Issue of upto 5,30,000 Equity Shares of Face Value of ₹10/- each fully paid (The "Equity Shares") for cash at a price of ₹ [●] per Equity Shares (including a premium of ₹ [●] per equity share) aggregating to ₹ [●] lakhs ("the issue") by our Company of which [●] Equity Shares of ₹10/- each will be reserved for subscription by Market Maker Reservations Portion and a Net Issue to public of [●] Equity Shares of ₹10/- each is hereinafter referred to as the net issue. The Issue and the Net Issue will constitute [●] and [●] respectively of the post issue paid up Equity Share Capital of the Company.

<b>Particulars</b>	<b>Market Maker Reservation Portion</b>	<b>Non Institutional Applicants</b>	<b>Retail Individual Investors</b>
Number of Equity Shares available for allocation	Up to [●] Equity Shares	Up to [●] Equity Shares	Up to [●] Equity Shares
Percentage of issue Size available for allocation	[●]% of the Issue Size	[●]% of the net issue shall be available for allocation	[●]% of the net issue shall be available for allocation
Basis of Allotment	Firm Allotment	Proportionate	Proportionate subject to minimum Lot as explained in the section titled "Issue Procedure" on page 178 of this Draft Prospectus.
Mode of Application	Only through the ASBA process.	Only through the ASBA process.	Through ASBA Process through banks or by using UPI ID for payment
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Minimum Application Size	Up to [●] Equity Shares in multiple of [●] Equity shares	Such number of Equity shares in multiple of [●] Equity shares that Application size exceeds Rs 2,00,000	Up to [●] Equity Shares in multiple of [●] Equity shares so that the Bid Amount does not exceed Rs 2,00,000
Maximum Application Size	Up to [●] Equity Shares in multiple of [●] Equity shares	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the issue, subject to limits as applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs 2,00,000
Trading Lot	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof
Terms of Payment	Full Application Amount shall be blocked by the SCSBs in the bank account of the Applicant that is specified in the Application Form at the time of submission of the Application Form.		

This Issue is being made in terms of Chapter IX of the SEBI ICDR Regulations as amended from time to time. For further details please refer to "Issue Structure" on page 176 of this Draft Prospectus.

**\*Since present issue is a fixed price issue, the allocation in the net issue to the public category in terms of Regulation 253 of the SEBI ICDR Regulations shall be made as follows:**

1. Minimum fifty percent to Retail Individual Investors; and
2. Remaining to
  - (i) individual applicants other than Retail Individual Investors; and



- (ii) Other investors including corporate bodies or institutions, irrespective of the number of specified securities applied for;
3. The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

If the Retail individual investor category is entitled to more than fifty per cent. of the issue size on a proportionate basis, the retail individual investors shall be allocated that higher percentage.

**Note:** *Applicants will be required to confirm and will be deemed to have represented to our Company, the Lead Manager, the Underwriter, 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 case of joint applications, the Application Form should contain only the name of the first applicant whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first applicant would be required in the Application Form and such first applicant would be deemed to have signed on behalf of the joint holders.



## **ISSUE PROCEDURE**

All Applicants should read the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the “**General Information Document**”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Application Form. The General Information Document is available on the websites of the Stock Exchanges and the LM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue, especially in relation to the process for Applications by RIIs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Applicants may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Issue; (ii) maximum and minimum Application size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Applicants; (v) Issuance of CAN and Allotment in the Issue; (vi) General instructions (limited to instructions for completing the Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Application Form; (x) other instructions (limited to joint 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 (xiv) interest in case of delay in Allotment or refund.

SEBI vide the UPI Circulars, 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, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Applications by 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 Applications with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (“**UPI Phase II**”). Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline will be made effective using the UPI Mechanism for applications by RIIs (“**UPI Phase III**”), as may be prescribed by SEBI. The issue will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, has introduced certain additional measures for streamlining the process of initial public issues and redressing investor grievances. This circular is effective for initial public issues opening on or after May 01, 2021, except as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Prospectus. If the Issue is made under UPI Phase III, the same will be advertised in all editions of the English national daily newspaper, all editions of the Hindi national daily newspaper, regional edition of the regional daily newspaper on or prior to the Issue Opening Date and such advertisement shall also be made available to the Stock Exchange for the purpose of uploading on their website.

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 Issue Closing Date, the Applicant shall be compensated at a uniform rate of Rs.100 per day for the entire duration of delay exceeding four Working Days from the Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The LM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has reduced the timelines for refund of Application money to four days.

Our Company and the LM do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their applications are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Prospectus and the Prospectus.

Further, our Company and the LM are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Issue.



### ***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, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 and circular SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (collectively the “UPI Circulars”) in relation to streamlining the process of public issues of equity shares and convertibles. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIIs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to three working days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI circular proposes to introduce and implement the UPI payment mechanism in three phases in the following manner:

**Phase I:** This phase has become applicable from January 1, 2019 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 Investor 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 Issue closure to listing continued to be six Working Days.

**Phase II:** This phase has become applicable from July 1, 2019 and the continuation of this phase has been extended until March 31, 2020. Under this phase, submission of the ASBA Form by RIIs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Further, pursuant to SEBI circular dated March 30, 2020, this phase has been extended till further notice.

**Phase III:** The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing is proposed to be reduced to three Working Days.

All SCSBs issuing facility of making application in public issues shall also provide facility to make application using the UPI Mechanism. Our Company 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 Investors into the UPI payment mechanism.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement f or SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Applicants to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

For further details, refer to the General Information Document available on the websites of the Stock Exchange and the Lead Manager.

### **FIXED PRICE PROCEDURE**

The Issue is being made in compliance with the provisions of Regulation 229(1) of Chapter IX of the SEBI ICDR Regulations and through the Fixed Price Process wherein 50% of the Net Issue to Public is being issued to the Retail Individual Investors and the balance shall be issued to Non-Retail Category i.e., QIBs and Non-Institutional Investors. However, if the aggregate demand from the Retail Individual Applicants is less than 50%, then the balance Equity Shares in that portion will be added to the non-retail portion issued to the remaining investors including QIBs and NIIs and vice-versa subject compliance with Regulation 253(2) of the SEBI ICDR Regulations and subject to valid Applications being received from them at or above the Issue Price.

Subject to the valid Applications being received at or above the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for the Retail Portion where Allotment to each Retail Individual Investors shall not be less than the minimum lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any category, 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 Lead Manager and the Stock Exchange.

**Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialised form. The Application Forms which do not have the details of the Applicant's depository account including DP ID, PAN and Beneficiary Account Number/UPI ID (for RII Applicants using the UPI Mechanism), shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Application Form and entered into the electronic system of the stock exchanges, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchange.**

## APPLICATION FORM

Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and the Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the website of the NSE, the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.

All Applicants shall mandatorily participate in the Issue only through the ASBA process. ASBA Applicants (other than Applicants using the UPI mechanism) must provide bank account details and authorisation to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected. Further Retail Individual Applicants may participate in the Issue through UPI by providing details in the relevant space provided in the Application Form and the Application Forms that do not contain the UPI ID are liable to be rejected. Retail Individual Investors may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of Electronic Application Forms) and the Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour <sup>(1)</sup>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue

<sup>(1)</sup> Excluding electronic Application Form

Designated Intermediaries (other than SCSBs) after accepting 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 Application Forms to respective SCSBs where the Applicants has a bank account and shall not submit it to any non-SCSB Bank.

For RIIs using UPI Mechanism, the Stock Exchange shall share the Application details (including UPI ID) with Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIIs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchange applying platform, and the liability to compensate RIIs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank, NPCI or the Bankers to the Issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the Bankers to the Issue. The LM shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Issue for analysing the same and fixing liability.

Applicants shall only use the specified Application Form for making an Application in terms of the Draft Prospectus and Prospectus.

The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the website of the Stock Exchange shall bear a system generated unique application number. Applicants 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 Issue, shall submit a completed application form to any of the following intermediaries (Collectively called – 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 Issue and share transfer agent (“RTA”) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

<b>For Applications submitted by Investors to SCSBs:</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 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 application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue.
<b>For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment:</b>	After accepting the application form, respective intermediary shall capture and upload the relevant 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 Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorized our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants. Applicants shall submit an Application Form either in physical or electronic form to the SCSB’s authorising blocking of funds that are available in the bank account specified in the Application Form used by ASBA Applicants. Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms/ Application Forms to the respective SCSB, where the Applicant has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

### Who Can Apply?

In addition to the category of Applicants set forth in the *General Information Document*, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- 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 Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: —Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs 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 Issue;
- 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) FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or a foreign individual under the QIB Portion;
- 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 applicant'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 Rs. 25 Crores and who are authorized under their constitution to hold and invest in equity shares;
- p) Pension Funds with minimum corpus of Rs. 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) Insurance funds set up and managed by army, navy or air force of the Union of India;
- s) Multilateral and bilateral development financial institution;
- t) Eligible QFIs;
- u) Insurance funds set up and managed by army, navy or air force of the Union of India;
- v) Insurance funds set up and managed by the Department of Posts, India;
- w) Any other person eligible to apply in this Issue, 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

## **MAXIMUM AND MINIMUM APPLICATION SIZE**

### **1. For Retail Individual Applicants**

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Price payable by the Applicant does not exceed Rs. 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Price does not exceed Rs. 2,00,000.

### **2. For Other than Retail Individual Applicants (Non-Institutional Applicants and QIBs)**

The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. An application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

In case of revision in Applications, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

**The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

## **BASIS OF ALLOTMENT**

Allotment will be made in consultation with the Stock Exchange. In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e., the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category X number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e., Total number of Shares applied for into the inverse of the over subscription ratio). For applications where the proportionate allotment works out to less than [●] Equity shares the allotment will be made as follows:
  - Each successful applicant shall be allotted [●] Equity shares; and
  - The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.

If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] Equity shares, the applicant would be allotted Shares by rounding off to the nearest multiple of [●] Equity shares subject to a minimum allotment of [●] Equity shares.

If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not



sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the issue specified under the Capital Structure mentioned in this Draft Prospectus.

The above proportionate allotment of shares in an Issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:

1. As the retail individual investor category is entitled to more than fifty percent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
2. The balance net issue of shares to the public shall be made available for allotment to:
  - a) Individual applicants other than retails individual investors and
  - b) Other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
3. The unsubscribed portion of the net issue to any one of the categories specified in a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with Stock Exchange. The Executive Director / Managing Director of Stock Exchange in addition to Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI ICDR Regulations.

#### **PARTICIPATION BY ASSOCIATES/AFFILIATES OF LEAD MANAGER, PROMOTER, PROMOTER GROUP AND PERSONS RELATED TO PROMOTER/PROMOTER GROUP**

The Lead Manager shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue, either in the QIB Portion and Non-Institutional Portion where the allotment is on a proportionate basis. The Promoter, Promoter Group, Lead Manager and any persons related to the Lead Manager (except Mutual Funds sponsored by entities related to the Lead Manager) cannot apply in the Issue.

#### **APPLICATION BY MUTUAL FUNDS**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company in consultation with Lead Manager, reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. The Applications 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.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any Company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

#### **APPLICATION BY HUFs**

Applications by HUFs Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs may be considered at par with Applications from individuals.



## APPLICATION BY ELIGIBLE NRIs

Eligible NRIs may obtain copies of Application Form from the Designated Intermediaries. Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Applicant applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB or should confirm/accept the UPI Mandate Request (in case of RIIs using the UPI Mechanism) to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) ASBA Accounts, and eligible NRI Applicant applying on a non-repatriation basis by using Resident Forms should authorize their SCSB or should confirm/accept the UPI Mandate Request (in case of RIIs applying using the UPI Mechanism) to block their Non-Resident Ordinary (“NRO”) accounts for the full Application Amount, at the time of the submission of the Application Form. However, NRIs applying in the Issue through the UPI Mechanism are advised to enquire with the relevant bank where their account is UPI linked prior to submitting their application.

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for non-residents (blue in colour).

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents. (White in colour).

Participation by Eligible NRIs in the Issue shall be subject to the FEMA Non -Debt Instruments Rules. Only Applications accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment.

In accordance with the FEMA Non-Debt Instruments Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall 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 warrant. 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.

For further details, see “Restrictions on Foreign Ownership of Indian Securities” on page 199 of this Draft Prospectus.

## APPLICATION BY FPI AND FIIs

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid -up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Non -Debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of a ll registered FPIs shall be included.

Additionally, the aggregate foreign portfolio investment up to 49% of the paid -up capital on a fully diluted basis or the sectoral / statutory cap, whichever is lower, does not require Government approval or compliance of sectoral conditions as the case may be, if such investment does not result in transfer of ownership and control of the resident Indian company from resident Indian citizens or transfer of ownership or control to persons resident outside India. Other investments by a person resident outside India will be subject to conditions of Government approval and compliance with sectoral conditions as laid down in these regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

A FPI may purchase or sell equity shares of an Indian company which is listed or to be listed on a recognized stock exchange in India, and/ or may purchase or sell securities other than equity instruments FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21



of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, inter alia, the following conditions:

- (a) each offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

The FPIs who wish to participate in the Issue is advised to use the Application Form for non-residents.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Applications and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure "MIM Structure") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Application Forms that the relevant FPIs making multiple Applications utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Applications will be rejected.

#### **APPLICATION BY SEBI REGISTERED ALTERNATIVE INVESTMENT FUND (AIF), VENTURE CAPITAL FUNDS (VCF) AND FOREIGN VENTURE CAPITAL INVESTORS (FVCI)**

The SEBI VCF Regulations, the SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF or FVCI 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 Lead Manager will not be responsible for loss, if any, incurred by the Applicant on account of conversion of foreign currency.**

**All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**





**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation.**

#### **APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS**

In case of applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing which, the Company in consultation with the LM, reserves the right to reject any application, without assigning any reason thereof.

#### **APPLICATIONS BY INSURANCE COMPANIES**

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our company in consultation with the Lead Manager reserves the right to reject any Application without assigning any reason thereof.

The exposure norms for insurers prescribed in Regulation 9 of the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 ("IRDAI Investment Regulations") are set forth below:

- a. Equity shares of a company: the lower of 10%<sup>(1)</sup> of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or a reinsurer;
- b. The entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- c. The industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or a reinsurer or health insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

*<sup>(1)</sup>The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of Rs.2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of Rs.500,000 million or more but less than Rs.2,500,000 million.*

Insurer companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars Issued by the IRDA from time to time including the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 ("IRDA Investment Regulations").

#### **APPLICATION BY PROVIDENT FUNDS / PENSION FUNDS**

In case of applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of Rs25 Crores, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Application Form. Failing this, the Company reserves the right to reject any application, without assigning any reason thereof.

#### **APPLICATIONS BY BANKING COMPANIES**

In case of Applications made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Application Form, failing which our Company consultation with the LM, reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("Banking Regulation Act"), and the Reserve Bank of India ("Financial Services provided by Banks") Directions, 2016, as amended is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the





investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks 'interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

#### **APPLICATION BY SYSTEMICALLY IMPORTANT NON-BANKING FINANCIAL COMPANIES**

In case of Applications made by systemically important non-banking financial companies registered with RBI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Application Form. Failing this, our Company in consultation with the LM, reserves the right to reject any Application, without assigning any reason thereof. Systemically Important Non-Banking Financial Companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

#### **APPLICATIONS BY SCSBS**

SCSBS participating in the Issue is required to comply with the terms of the SEBI circulars nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013 respectively. Such SCSBS are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBS. Further, such account shall be used solely for the purpose of making application in public Issues and clear demarcated funds should be available in such account for such applications.

**The information set out above is given for the benefit of the Applicants. Our Company and the LM are not liable for any amendments or modification or changes to applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that any single application from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulations, or as specified in this Draft Prospectus and the Prospectus.**

#### **APPLICATION UNDER POWER OF ATTORNEY**

In case of Applications made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of Rs250 million (subject to applicable laws) and pension funds with a minimum corpus of Rs250 million (subject to applicable laws), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the Application Form. Failing this, our Company in consultation with the LM, reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof. Our Company in consultation with the LM, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form.

**In accordance with RBI regulations, OCBs cannot participate in the Issue.**

#### **ISSUE PROCEDURE FOR APPLICATION SUPPORTED BY BLOCKED ACCOUNT (ASBA)**

Applicants In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants have to compulsorily apply through the ASBA Process. Our Company and the Lead Manager are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. ASBA Applicants are advised to make their independent investigations and to ensure that the ASBA Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on designated branches of SCSB collecting the Application Form, please refer the above-mentioned SEBI link.



## **METHOD AND PROCESS OF APPLICATIONS**

1. The Designated Intermediaries shall accept applications from the Applicants during the Issue Period.
2. The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days.
3. During the Issue Period, Applicants who are interested in subscribing to the Equity Shares should approach the Designated Intermediaries to register their applications.
4. The Applicant cannot apply on another Application Form after applications on one Application Form have been submitted to the Designated Intermediaries. Submission of a second Application form to either the same or to another Designated Intermediaries will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system or at any point prior to the allocation or Allotment of Equity Shares in this Issue.
5. Designated Intermediaries accepting the application forms shall be responsible for uploading the application along with other relevant details in application forms on the electronic bidding system of stock exchange and submitting the form to SCSBs for blocking of funds (except in case of SCSBs, where blocking of funds will be done by respective SCSBs only). All applications shall be stamped and thereby acknowledged by the Designated Intermediaries at the time of receipt.
6. The Designated Intermediaries will enter each application option into the electronic collecting system as a separate application and generate a TRS and give the same to the applicant.
7. Upon receipt of the Application Form, submitted whether in physical or electronic mode, the Designated Intermediaries shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, prior to uploading such applications with the Stock Exchange.
8. If sufficient funds are not available in the ASBA Account, the Designated Intermediaries shall reject such applications and shall not upload such applications with the Stock Exchange.
9. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the Applicant on request.
10. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

## **TERMS OF PAYMENT**

The entire Issue price of Rs. [●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicants. SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

## **PAYMENT MECHANISM**

The applicants shall specify the bank account number in their Application Form and the SCSBs shall block an amount



equivalent to the Application Amount in the bank account specified in the 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 Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Applicant, 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 ICDR Regulations, all the investors applying in a public issue 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 issue have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

## **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 1.00 p.m. of next Working Day from the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them (iii) the applications accepted but not uploaded by them or (iv) with respect to applications by Applicants, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the 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 Lead Manager nor our Company nor the Registrar to the Issue, 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 Issue. This facility will be available at the terminals of Designated Intermediaries and their authorized agents during the Issue 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 Issue 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 Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given along with the Application Forms to Designated Branches of the SCSBs for blocking of funds.
7. With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:
  - Name of the Applicant;
  - IPO Name;
  - Application Form Number;
  - Investor Category;
  - PAN (of First Applicant, if more than one Applicant);
  - DP ID of the demat account of the Applicant;
  - Client Identification Number of the demat account of the Applicant;



- Number of Equity Shares Applied for;
  - Bank Account details;
  - Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number
8. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA 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 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 Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the 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 Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our company; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
  13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue 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 Issue Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Issue.
  15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

#### **SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC**

- 1) Our company has entered into an Underwriting Agreement dated [●].
- 2) A copy of Prospectus will be filled with the ROC in terms of Section 26 of Companies Act, 2013.

#### **PRE- ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language daily newspaper, each with wide circulation. In the pre-Issue advertisement, we shall state the Issue Opening Date and the Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

#### **ISSUANCE OF ALLOTMENT ADVICE IN THE ISSUE**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the Lead Manager or Registrar to the Issue



shall send to the SCSBs a list of their Applicants who have been allocated Equity Shares in the Issue.

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. Applicants are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the issue. The Lead Manager or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.
3. Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful applicants Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures the credit of shares to the successful Applicants Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

#### **DESIGNATED DATE**

On the Designated date, the SCSBs shall transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue. The Company will issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of 4 working days of the Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under relevant provisions of the Companies Act, 2013 or other applicable provisions, if any.

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

1. Check if you are eligible to apply as per the terms of this Draft Prospectus and under applicable law, rules, regulations, guidelines and approvals; All Applicants should submit their bids through the ASBA process only;
2. Ensure that you have apply within the Price Band
3. Read all the instructions carefully and complete the Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID, Client ID and Bank Account Number (UPI ID, as applicable) are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre (except in case of electronic Bids) within the prescribed time. Retail Individual Applicants using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants;
6. Ensure that you (other than Anchor Investors) have mentioned the correct ASBA Account number and such ASBA account belongs to you and no one else if you are not an RIB bidding using the UPI Mechanism in the Application Form (with maximum length of 45 characters) and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Application Form;
7. Ensure that you have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries. Ensure that you use only your own bank account linked UPI ID (only for Retail Individual Applicants using the UPI Mechanism) to make an application in the Issue. Retail Individual Applicants using the UPI Mechanism shall ensure that the bank with which they have their bank account where the funds equivalent to the Application Amount are available for blocking, is UPI 2.0 certified by NPCI;
8. If the first applicant is not the bank account holder, ensure that the Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Application Form (for all Applicants other than Retail Individual Applicants, bidding using the UPI Mechanism);
9. All Applicants should submit their Applications through the ASBA process only;
10. Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
11. Retail Individual Applicants submitting an Application Form using the UPI Mechanism, should ensure that: (a) the bank





where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Application is listed on the website of SEBI at [www.sebi.gov.in](http://www.sebi.gov.in);

12. Ensure that the name(s) given in the Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Applications, the Application Form should contain only the name of the First Applicant whose name should also appear as the first holder of the beneficiary account held in joint names;
13. Ensure that you request for and receive a stamped acknowledgement of your Application;
14. Retail Applicants using the UPI mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Application Form;
15. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;
16. Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
17. Except for Applications (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, (ii) submitted by investors who are exempt from the requirement of obtaining / specifying their PAN for transacting in the securities market including without limitation, multilateral/ bilateral institutions, and (iii) Applications 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 Applicants should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for 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;
18. Ensure that the Demographic Details are updated, true and correct in all respects;
19. 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;
20. Ensure that the correct investor category and the investor status is indicated in the Application Form;
21. Ensure that in case of Applications under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
22. Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
23. Ensure that you use only your own bank account linked UPI ID (only for Retail Individual Applicants using the UPI Mechanism) to make an application in the Issue;
24. Applicants should note that in case the DP ID, Client ID and the PAN mentioned in their Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Applications are liable to be rejected. Where the Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Application Form;
25. Applicants, other than Retail Individual Applicants using the UPI Mechanism, shall ensure that they have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the Application Form to the relevant Designated Intermediaries;
26. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Application Form and that the name of the Applicant, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;





27. In case of ASBA Applicants (other than Retail Individual Investors using UPI Mechanism), ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
28. Once the Sponsor Bank Issues the UPI Mandate Request, the Retail Individual Investors would be required to proceed to authorise the blocking of funds by confirming or accepting the UPI Mandate Request;
29. Ensure that you have correctly signed the authorisation/undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form at the time of submission of the Application;
30. Retail Individual Investors who wish to revise their applications using the UPI Mechanism, should submit the revised Application with the Designated Intermediaries, pursuant to which Retail Individual Investors should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Application Amount in the Retail Individual Investors ASBA Account.
31. Retail Individual Applicants using the UPI Mechanism shall ensure that details of the Application are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a Retail Individual Applicant shall be deemed to have verified the attachment containing the application details of the Retail Individual Applicant in the UPI Mandate Request and have agreed to block the entire Application Amount and authorized the Sponsor Bank to block the Application Amount specified in the Application Form;
32. Retail Individual Applicants applied using the UPI Mechanism should mention valid UPI ID of only the applicant (in case of single account) and of the first applicant (in case of joint account) in the Application Form;
33. Retail Individual Applicants using the UPI Mechanism who have revised their applications subsequent to making the initial Application should also approve the revised UPI Mandate Request generated by the Sponsor Bank to authorize blocking of funds equivalent to the revised Application Amount and subsequent debit of funds in case of Allotment in a timely manner;
34. Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
35. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form;
36. Retail Individual Applicants shall ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Issue Closing Date.

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not apply for lower than the minimum Application size;
2. Do not apply at a Price different from the Price mentioned herein or in the Application Form;
3. Do not apply by another Application Form after submission of Application to the Designated Intermediary.
4. Do not pay the Application Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest or any mode other than blocked amounts in the bank account maintained with SCSB;
5. Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;
6. Do not submit the Application Forms to any non-SCSB bank or our Company;



7. Do not apply on a physical Application Form that does not have the stamp of the relevant Designated Intermediary;
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not submit more than one Application Forms per ASBA Account;
10. Do not submit the Application Forms to any Designated Intermediary that is not authorised to collect the relevant Application Forms or to our Company;
11. Do not apply for an Application Amount exceeding Rs. 200,000 (for Applications by Retail Individual Applicants);
12. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Prospectus;
13. Do not submit the General Index Register number instead of the PAN;
14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
15. Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
16. If you are a Retail Individual Applicant and are using UPI Mechanism, do not submit more than one Application Form for each UPI ID;
17. If you are a Retail Individual Applicant and are using UPI Mechanism, do not make the ASBA application using third party bank account or using third party linked bank account UPI ID;
18. Do not submit Applications on plain paper or on incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant;
19. Do not submit an application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
20. Do not apply 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);
21. Do not withdraw your application or lower the size of your Application (in terms of quantity of the Equity Shares or the Application Amount) at any stage, if you are a QIB or a Non-Institutional Applicant. Retail Individual Applicants can revise their applications during the Issue Period and withdraw their Applicants on or before the Issue Closing Date;
22. Do not apply for shares more than specified by respective Stock Exchanges for each category;
23. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Applications submitted by Retail Applicants using the UPI mechanism;
24. Do not submit incorrect UPI ID details, if you are a Retail Applicants applying through UPI Mechanism;
25. If you are a Non-Institutional Applicant or Retail Individual Applicant, do not submit your application after 3.00 p.m. on the Issue Closing Date;
26. Do not apply if you are an OCB.

**The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

#### **GROUND FOR TECHNICAL REJECTIONS**

In addition to the grounds for rejection of Application on technical grounds as provided in the “General Information Document for Investing in Public Issues” Applicants are requested to note that Applications may be rejected on the following additional



technical grounds.

1. Applications submitted without instruction to the SCSBs to block the entire Application Amount;
2. Applications submitted by Applicants which do not contain details of the Application Amount and the bank account details / UPI ID in the Application Form;
3. Applications submitted on a plain paper;
4. Applications submitted by Retail Individual Applicants using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>;
5. Applications submitted by Retail Individual Applicants using third party bank accounts or using a third party linked bank account UPI ID;
6. Applications by HUFs not mentioned correctly as given in the sub-section “*Who can Apply?*” under chapter titled “Issue Procedure” beginning on page no. 178 of this Draft Prospectus;
7. Application Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
8. Application submitted without the signature of the First Applicant or sole Applicants;
9. Applications by person for whom PAN details have not been verified and whose beneficiary accounts are ‘suspended for credit’ in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July29, 2010;
10. GIR number furnished instead of PAN;
11. Application by Retail Individual Applicants with Application Amount for a value of more than Rs200,000
12. Applications by person who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Applications by Applicants (who are not Anchor Investors) accompanied by cheques or demand drafts;
14. Applications accompanied by stock invest, money order, postal order or cash;
15. Application by OCB.

For further details of grounds for technical rejections of Application Form, please refer to the General Information Document and UPI Circulars.

For details of instruction in relation to the Application Form, please refer to the General Information Document and UPI Circulars.

## **INVESTOR GRIEVANCE**

In case of any pre-Issue or post-Issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, please refer to the chapter titled “General Information” on page 39 of this Draft Prospectus.

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 Issue Closing Date, the Applicant shall be compensated at a uniform rate of Rs 100 per day for the entire duration of delay exceeding four Working Days from the Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The LM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

## **IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act,



which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least Rs 1 million or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than Rs 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to Rs 5 million or with both.

## NOMINATION FACILITY TO APPLICANTS

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

## DEPOSITORY ARRANGEMENTS

The Allotment of the Equity Shares in the Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated [●] among NSDL, our Company and the Registrar to the Issue.
- Agreement dated [●] among CDSL, our Company and Registrar to the Issue.

## UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six working days of the Issue Closing Date or within such other time period prescribed by SEBI will be taken;
- the funds required for making refunds/unblocking (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- if Allotment is not made within six working days from the Issue Closing Date or such other prescribed timelines under applicable laws, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable laws. If there is a delay beyond such prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and other applicable laws for the delayed period;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within time prescribed under applicable laws, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that if our Company do not proceed with the Issue after the Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The Stock Exchanges shall be informed promptly;
- that if our Company withdraw the Issue after the Issue Closing Date, our Company shall be required to file a fresh issue document with SEBI, in the event our Company or subsequently decide to proceed with the Issue;
- adequate arrangements shall be made to collect all Application Forms from Applicants.
- the Promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought on a pro rata basis before the calls are made on public.



## UTILISATION OF NET PROCEEDS

Our Board certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.
- the utilisation of monies received under the Promoters' contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under the Promoters' contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.



## **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 for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT").

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The DPIIT, has issued consolidated FDI Policy Circular of 2020 ("FDI Policy 2020"), effective from October 15, 2020, which consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2020 will be valid until the DIPP issues an updated circular.

The RBI also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI and Master Direction –Foreign Investment In India (updated upto March 08, 2019). In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular and Master Direction. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

In case of investment in sectors through Government Route, approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2020 has to be obtained.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP / RBI, from time to time.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2020 and amendments from time to time thereupon, 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 Schedule 1, 2, 3, 6, 7, 8, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017 as amended from time to time. 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 paid-up 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 recognized 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 Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017 as amended from time to time. 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, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – 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.**

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 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 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 XIV - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**

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.

ARTICLE NO.	INTERPRETATION	HEADING
<b>1.</b>	<p>In these Articles unless there be something in the subject matter or context inconsistent therewith:</p> <ul style="list-style-type: none"> <li>i. “The Act” means the Companies Act, 2013 and the applicable provisions of the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.</li> <li>ii. “Articles” means Articles of Association of the Company as originally framed or altered from time to time</li> <li>iii. “Beneficial Owner” shall have the meaning assigned thereto by Section 2(1) (a) of the Depositories Act, 1996.</li> <li>iv. “Board” or “Board of Director” means the Collective body of the Board of Directors of the Company.</li> <li>v. “Chairman” means the Chairman of the Board of the Directors of the Company.</li> <li>vi. “The Company” means Quality RO Industries Limited.</li> <li>vii. “Depositories Act, 1996” shall mean Depositories Act, 1996 and include any Statutory modification or re-enactment thereof for the time being in force.</li> <li>viii. “Depository” shall have the meaning assigned thereto by Section 2 (1) (e) of the Depositories Act, 1996.</li> <li>ix. “Directors” mean the Directors for the time being of the Company.</li> <li>x. “Dividend” includes any interim dividend.</li> <li>xi. “Document” means a document as defined in Section 2 (36) of the Companies Act, 2013.</li> <li>xii. “Equity Share Capital”, with reference to any Company limited by shares, means all share capital which is not preference share capital;</li> <li>xiii. “KMP” means Key Managerial Personnel of the Company provided as per the relevant sections of the Act.</li> <li>xiv. “Managing Director” means a Director who by virtue or an agreement with the Company or of a resolution passed by the Company in general meeting or by its Board of Directors or by virtue of its Memorandum or Articles of Association is entrusted with substantial powers of management and includes a director occupying the position of managing director, by whatever name called.</li> <li>xv. “Month” means Calendar month.</li> <li>xvi. “Office” means the registered office for the time being of the Company.</li> <li>xvii. “Paid-up share capital” or “share capital paid-up” means such aggregate amount of money credited as paid-up as is equivalent to the amount received as paid up in respect of shares issued and also includes any amount credited as paid-up in respect of shares of the company, but does not include any other amount received in respect of such shares, by whatever name called;</li> <li>xviii. “Postal Ballot” means voting by post or through any electronic mode.</li> <li>xix. “Proxy” includes attorney duly constituted under the power of attorney to vote for a member at a General Meeting of the Company on poll.</li> <li>xx. “Public Holiday” means a Public Holiday within the meaning of the Negotiable Instruments Act, 1881 (XXVI of 1881); provided that no day declared by the Central Government to be such a holiday shall be deemed to be such a holiday in relation to any meeting unless the declaration was notified before the issue of the notice convening such meeting.</li> <li>xxi. “Registrar” means the Registrar of Companies of the state in which the</li> </ul>	Interpretation



	<p>Registered Office of the Company is for the time being situated and includes an Additional Registrar a Joint Registrar, a Deputy Registrar or an Assistant Registrar having the duty of registering companies and discharging various functions under this Act.</p> <p>xxii. “Rules” means the applicable rules as prescribed under the relevant sections of the Act for time being in force.</p> <p>xxiii. “SEBI” means Securities &amp; Exchange Board of India established under Section 3 of the Securities &amp; Exchange Board of India Act, 1992.</p> <p>xxiv. “Securities” means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956)</p> <p>xxv. “Share” means share in the Share Capital of the Company and includes stock except where a distinction between stock and share is expressed or implied.</p> <p>xxvi. “Seal” means the common seal of the Company.</p> <p>xxvii. “Preference Share Capital”, with reference to any Company limited by shares, means that part of the issued share capital of the Company which carries or would carry a preferential right with respect to—  <i>(i)</i> payment of dividend, either as a fixed amount or an amount calculated at a fixed rate, which may either be free of or subject to income-tax; and  <i>(ii)</i> repayment, in the case of a winding up or repayment of capital, of the amount of the share capital paid-up or deemed to have been paid-up, whether or not, there is a preferential right to the payment of any fixed premium or premium on any fixed scale, specified in the memorandum or articles of the Company;</p> <p>xxviii. “Persons” include corporations and firms as well as individuals.</p> <p>Words imparting the plural number also include, where the context requires or admits, the singular number, and vice versa.</p> <p>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.</p> <p>‘In writing’ and ‘written’ includes printing, lithography and other modes of representing or reproducing words in a visible form.</p>	
<b>2.</b>	The Authorized Share Capital of the Company shall be such amount and be divided into such shares as may from time to time be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company (including Preferential Share Capital, if any) and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the said Act.	Share Capital
<b>3.</b>	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. Further provided that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.	
<b>4.</b>	Subject to provisions of Section 54 of the Act read with Companies (Share Capital and Debentures) Rules, 2014, the Company may issue Sweat Equity Shares on such terms and in such manner as the Board may determine.	Issue of Sweat Equity Shares
<b>5.</b>	The Company shall have powers to issue any debentures, debenture-stock or other securities at Par, discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any	Issue of Debentures



	privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending the General Meetings (but not voting on any business to be conducted), appointment of Directors on Board and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the company in the General Meeting by a Special Resolution.	
<b>6.</b>	<p>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 fifteen days (15) of the application for registration of transfer of transmission or within such other period as the conditions of issue shall be provided,—</p> <p>a. one certificate for all his shares without payment of any charges; or</p> <p>b. several certificates, each for one or more of his shares, upon payment of Rupees twenty for each certificate after the first.</p> <p>ii. The Company agrees to issue certificate within fifteen days of the date of lodgement of transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies or to issue within fifteen days of such lodgement for transfer, Pucca Transfer Receipts in denominations corresponding to the market units of trading autographically signed by a responsible official of the Company and bearing an endorsement that the transfer has been duly approved by the Directors or that no such approval is necessary;</p> <p>iii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.</p> <p>iv. 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.</p>	Issue of Share Certificate
<b>7.</b>	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.	
<b>8.</b>	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.	
<b>9.</b>	The provisions of these Articles relating to issue of Certificates shall mutatis mutandis apply to any other securities including Debentures (except where the Act otherwise requires) of the Company..	
<b>10.</b>	<p>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.</p> <p>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.</p>	Power to pay Commission In connection with the Securities issued



	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.	
<b>11.</b>	<p>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.</p> <p>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.</p>	Variations of Shareholder's rights
<b>12.</b>	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 <i>pari passu</i> therewith.	
<b>13.</b>	Subject to the provisions of section 55 and 62, any preference shares may with the sanction of 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.	Issue of Preference Shares
<b>14.</b>	<p>(1) Where at any time Company having Share Capital proposes to increase its subscribed capital by the issue of further Shares, such shares shall be offered:</p> <p>(a) to persons who, at the date of the offer, are holders of equity shares of the company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the conditions specified in the relevant provisions of Section 62 of the Act.</p> <p>(b) to employees under a scheme of employees' stock option, subject to special resolution passed by company and subject to such other conditions as may be prescribed under the relevant rules of Section 62.</p> <p>(c) to any persons, if it is authorized by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the relevant rules of Section 62.</p> <p>(2) The notice shall be dispatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.</p> <p>(3) Nothing in this Article shall apply to the increase of the subscribed capital of company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the company to convert such debentures or loans into shares in the company: Provided that the terms of issue of such debentures or loan containing such an option have been approved, before the issue of such debentures or the raising of loan, by a special resolution passed by the company in general meeting.</p>	Further Issue of shares
<b>15.</b>	<p>i. The Company shall have a first and paramount lien—</p> <p>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</p>	Lien



	<p>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:</p> <p>c. Every 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</p> <p>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.</p> <p>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.</p>	
<b>16.</b>	<p>The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:</p> <p>Provided that no sale shall be made—</p> <p>a. unless a sum in respect of which the lien exists is presently payable; or</p> <p>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.</p>	
<b>17.</b>	<p>i. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.</p> <p>ii. The purchaser shall be registered as the holder of the shares comprised in any such transfer.</p> <p>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.</p>	
<b>18.</b>	<p>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.</p> <p>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.</p>	
<b>19.</b>	<p>Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles: -</p> <p>a) The Company shall at its discretion, be entitled to decline to register more than three persons as the joint-holders of any share.</p> <p>b) The joint-holders of any shares shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.</p> <p>c) On the death of any such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.</p> <p>d) Any one of such joint-holders may give effectual receipts of any dividends or other moneys payable in respect of such share.</p> <p>e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any share shall be entitled to delivery of the certificate, if any, relating to such share or to receive documents from the</p>	Joint Holdings





	<p>Company and any documents served on or sent to such person shall be deemed served on all the joint-holders.</p> <p>(i) Any one of the two or more joint-holders may vote at General Meeting either personally or by attorney or by proxy in respect of such shares as if they were solely entitled hereto and if more than one such joint-holders be present at any meeting personally or by proxy or by attorney then one of such joint holders so present whose name stand first in the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint-holders shall be entitled to vote in preference to a joint-holder present by attorney or by proxy although the name of such joint-holder present by attorney or by proxy stands first in Register in respect of such shares.</p> <p>(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this Clause be deemed as Joint-Holders.</p> <p>g) The provisions of these Articles relating to joint-holding of shares shall mutatis mutandis apply to any other securities including Debentures of the company registered in Joint-names.</p>	
<b>20.</b>	<p>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:</p> <p>Provided that no call shall exceed one fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last preceding call.</p> <p>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.</p> <p>iii. A call may be revoked or postponed at the discretion of the Board.</p>	Calls on Shares
<b>21.</b>	A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.	
<b>22.</b>	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.	
<b>23.</b>	<p>i. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.</p> <p>ii. The Board shall be at liberty to waive payment of any such interest wholly or in part.</p>	
<b>24.</b>	<p>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.</p> <p>ii. In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture</p> <p>iii. or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.</p>	
<b>25.</b>	The Board—	



	<ul style="list-style-type: none"> <li>i. 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</li> <li>ii. 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.</li> </ul>	
<b>26.</b>	<p>Any uncalled amount paid in advance shall not in any manner entitle the member so advancing the amount, to any dividend or participation in profit or voting right on such amount remaining to be called, until such amount has been duly called-up.</p> <p>Provided however that any amount paid to the extent called – up, shall be entitled to proportionate dividend and voting right.</p>	
<b>27.</b>	The Board may at its discretion, extend the time fixed for the payment of any call in respect of any one or more members as the Board may deem appropriate in any circumstances.	
<b>28.</b>	The provisions of these Articles relating to call on shares shall mutatis mutandis apply to any other securities including debentures of the company.	
<b>29.</b>	<ul style="list-style-type: none"> <li>i. The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.</li> <li>ii. Each share in the Company shall be distinguished by its appropriate number.</li> <li>iii. A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.</li> </ul>	Transfer of Shares
<b>30.</b>	<ul style="list-style-type: none"> <li>i. The instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.</li> <li>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.</li> </ul>	
<b>31.</b>	<p>The Board may, subject to the right of appeal conferred by section 58 of Companies Act, 2013 and Section 22A of the Securities Contracts (Regulation) Act, 1956, decline to register, by giving notice of intimation of such refusal to the transferor and transferee within timelines as specified under the Act-</p> <ul style="list-style-type: none"> <li>i. the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or</li> <li>ii. any transfer of shares on which the Company has a lien.</li> <li>iii. Provided however that the Company will not decline to register or acknowledge any transfer of shares on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.</li> </ul>	
<b>32.</b>	<p>The Board shall decline to recognise any instrument of transfer unless—</p> <ul style="list-style-type: none"> <li>i. the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;</li> <li>ii. 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 the instrument of transfer is in respect of only one class of shares.</li> </ul> <p>Provided that, transfer of shares in whatever lot shall not be refused.</p> <ul style="list-style-type: none"> <li>iii. The Company agrees that when proper documents are lodged for transfer and there are no material defects in the documents except minor difference in signature of the transferor(s),</li> <li>iv. Then the Company will promptly send to the first transferor an intimation of the aforesaid defect in the documents, and inform the transferor that objection, if any, of the transferor supported by valid proof, is not lodged</li> </ul>	



	<p>with the Company within fifteen days of receipt of the Company's letter, then the securities will be transferred;</p> <p>v. If the objection from the transferor with supporting documents is not received within the stipulated period, the Company shall transfer the securities provided the Company does not suspect fraud or forgery in the matter.</p>	
33.	The Company agrees that in respect of transfer of shares where the Company has not effected transfer of shares within 1 month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of 1 month, the Company shall compensate the aggrieved party for the opportunity losses caused during the period of the delay	
34.	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	
35	The provisions of these Articles relating to transfer of Shares shall mutatis mutandis apply to any other securities including debentures of the company.	
36.	The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any shares.	Register of Transfers
37.	<p>i. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Article of these Articles.</p> <p>a. The Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depository Act, 1996.</p> <p>b. Option for Investors:</p> <p>Every holder of or subscriber to securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a Depository, if permitted, by the law, in respect of any security in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates for the Securities.</p> <p>If a person opts to hold its Security with a Depository, the Company shall intimate such depository the details of allotment of the Security</p> <p>c. Securities in Depository to be in fungible form: -</p> <ul style="list-style-type: none"> <li>• All Securities of the Company held by the Depository shall be dematerialised and be in fungible form.</li> <li>• Nothing contained in Sections 88, 89, 112 &amp; 186 of the Companies Act, 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.</li> </ul> <p>d. Rights of Depositories &amp; Beneficial Owners: -</p> <p>Notwithstanding anything to the contrary contained in the Act a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of Security of the Company on behalf of the beneficial owner.</p> <p>e. Save as otherwise provided in (d) above, the depository as the registered owner of the Securities shall not have any</p>	Dematerialisation of Securities



	<p>voting rights or any other rights in respect of the Securities held by it.</p> <p>f. Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of Securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his Securities which are held by a depository.</p> <p>ii. Notwithstanding anything contained in the Act to the contrary, where Securities of the Company are held in a depository, the records of the beneficial ownership may be served by such depository to the Company by means of electronic mode or by delivery of floppies or discs.</p> <p>iii. Nothing contained in Section 56 of the Companies Act, 2013 shall apply to a transfer of Securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.</p> <p>iv. Notwithstanding anything contained in the Act, where Securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.</p> <p>v. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.</p> <p>vi. The Company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Members in accordance with Section 88 and other applicable provisions of the Companies Act 2013 and the Depositories Act, 1996 with the details of Shares held in physical and dematerialised forms in any media as may be permitted by law including in any form of electronic media.</p> <p>vii. The Register and Index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, shall be deemed to be the Register and Index of Members for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state or Country.</p>	
<b>38.</b>	<p>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.</p> <p>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.</p>	Transmission of Shares
<b>39.</b>	<p>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—</p> <ol style="list-style-type: none"> <li>to be registered himself as holder of the share; or</li> <li>to make such transfer of the share as the deceased or insolvent member could have made.</li> </ol> <p>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.</p>	
<b>40.</b>	<p>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.</p>	



	<ul style="list-style-type: none"> <li>ii. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.</li> <li>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.</li> </ul>	
<b>41.</b>	<p>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:</p> <p>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.</p>	
<b>42.</b>	<p>The provisions of these Articles relating to transmission of shares shall mutatis mutandis apply to any other securities including debentures of the Company.</p> <p>No fee shall be charged for requisition of transfer, transmission, probate, succession certificate and letter of admiration, Certificate of Death or marriage, power of attorney or similar other documents.</p>	
<b>43.</b>	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.	
<b>44.</b>	<p>The notice aforesaid shall—</p> <ul style="list-style-type: none"> <li>i. 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</li> <li>ii. 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.</li> </ul>	
<b>45.</b>	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.	
<b>46.</b>	<ul style="list-style-type: none"> <li>i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</li> <li>ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.</li> </ul>	
<b>47.</b>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>	
<b>48.</b>	<ul style="list-style-type: none"> <li>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;</li> </ul>	Forfeiture of Shares



	<p>ii. The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute transfer of the shares in favour of the person to whom the share is sold or disposed off;</p> <p>iii. The transferee shall thereupon be registered as the holder of the share; and</p> <p>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.</p>	
<b>49.</b>	The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share.	
<b>50.</b>	Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person.	
<b>51.</b>	Upon any sale, re-allotment or other disposal under the provisions of the preceding articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto.	
<b>52.</b>	The Board may, subject to the provision of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.	
<b>53.</b>	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.	
<b>54.</b>	The provisions of these articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company.	
<b>55.</b>	Neither a judgment in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from proceeding to enforce forfeiture of such shares as hereinafter provided.	Initial payment not to preclude forfeiture
<b>56.</b>	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.	
<b>57.</b>	<p>Subject to the provisions of section 61, the Company may, by ordinary resolution,—</p> <p>i. consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>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;</p> <p>iii. sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;</p> <p>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.</p>	Alteration of Share Capital
<b>58.</b>	Where shares are converted into stock,—	Conversion of Shares into Stock





	<p>i. 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:</p> <p>Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.</p> <p>ii. 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.</p> <p>iii. Such of the articles 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.</p>	
<b>59.</b>	<p>The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, —</p> <p>i. its share capital;</p> <p>ii. any capital redemption reserve account; or</p> <p>iii. Any share premium account.</p>	Reduction of Capital
<b>60.</b>	<p>The Company may issue share warrants subject to, and in accordance with, the provisions of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid-up, on application in writing signed by the person registered as holder of the share, and authenticated by such evidence (if any) of the share and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue of a share warrant.</p> <p>The bearer of a share warrant may at any time, deposit the warrant in the office of the Company and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two days from the time of deposit, as if his name were inserted in the register of members as the holder of the shares including in the deposited warrants.</p> <p>Not more than one person shall be recognized as depositor of the share warrant.</p> <p>The Company shall, on two days written notice, return the deposited share warrants to the depositor.</p> <p>Subject herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a member of the Company or attend or vote or exercise any other privilege of a member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>The bearer of share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the register of members as the holders of shares included in the warrant, and he shall be a member of the Company.</p>	Share Warrants



	The Board may from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant of coupon may be issued by way of renewal in case of defacement, loss or destruction.	
<b>61.</b>	<p>i. The Company in general meeting may, upon the recommendation of the Board, resolve—</p> <ol style="list-style-type: none"> <li>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</li> <li>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.</li> </ol> <p>ii. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—</p> <ol style="list-style-type: none"> <li>paying up any amounts for the time being unpaid on any shares held by such members respectively;</li> <li>paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up bonus shares, to and amongst such members in the proportions aforesaid;</li> <li>partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);</li> <li>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;</li> <li>The Board shall give effect to the resolution passed by the Company in pursuance of this -regulation.</li> </ol> <p>iii. Allotment or Distribution of Bonus Shares shall not be made to those Members who furnish to the Company in written intimation waiving their entitlement to receive such allotment or distribution of shares credited as fully paid up pursuant to this Article 61 as the case may be, and accordingly the corresponding amount shall not be capitalized.</p>	Capitalization of Profits
<b>62.</b>	<p>i. Whenever such a resolution as aforesaid shall have been passed, the Board shall—</p> <ol style="list-style-type: none"> <li>make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and</li> <li>generally to do all acts and things required to give effect thereto.</li> </ol> <p>ii. The Board shall have power—</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol> <p>iii. Any agreement made under such authority shall be effective and binding on such members.</p>	



<b>63.</b>	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.	Buy back of Shares
<b>64.</b>	All General Meetings other than annual general meeting shall be called extra-ordinary general meetings	General Meeting
<b>65.</b>	<ul style="list-style-type: none"> <li>i. The Board may, whenever it thinks fit, call an extraordinary general meeting.</li> <li>ii. The General meeting including Annual general meeting shall be convened by giving notice of clear 21 days in advance as per section 101 of Companies Act 2013. The directors if they think fit may convene a General Meeting including Annual General Meeting of the company by giving a notice thereof being not less than three days if consent is given in writing or by electronic mode by not less than ninety-five per cent. of the members entitled to vote at such meeting.</li> <li>iii. 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.</li> </ul>	
<b>66.</b>	<ul style="list-style-type: none"> <li>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.</li> <li>ii. <ul style="list-style-type: none"> <li>i. Unless the number of members as on date of meeting are not more than one thousand, five members personally present shall be the quorum for a general meeting of the Company.</li> <li>ii. In any other case, the quorum shall be decided as under: <ul style="list-style-type: none"> <li>a) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;</li> <li>b) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;</li> </ul> </li> </ul> </li> </ul>	Proceedings at General Meetings
<b>67.</b>	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.	
<b>68.</b>	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.	
<b>69.</b>	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.	
<b>70.</b>	The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.	
<b>71.</b>	A declaration by the Chairman in pursuance of Section 107 of the Companies Act, 2013 that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.	
<b>72.</b>	<ul style="list-style-type: none"> <li>ii. Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total</li> </ul>	Demand for Poll



	<p>voting power in respect of the resolution or on which an aggregate sum of not less than five Lac rupees has been paid up.</p> <p>iii. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.</p>	
<b>73.</b>	<p>i. A poll demanded on a question of adjournment shall be taken forthwith.</p> <p>ii. A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 104 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.</p>	Time of taking Poll
<b>74.</b>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	Adjournment of Meeting
<b>75.</b>	<p>Subject to any rights or restrictions for the time being attached to any class or classes of shares,—</p> <p>i. on a show of hands, every member present in person shall have one vote; and</p> <p>ii. 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.</p>	Voting Rights
<b>76.</b>	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	
<b>77.</b>	<p>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.</p> <p>ii. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	
<b>78.</b>	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.	
<b>79.</b>	Subject to the provisions of the Act and other provisions of these Articles, any person entitled under the transmission clause to any shares may vote at any general meeting in respect thereof as if he was the registered holder of such shares, provided that at least 48 (forty eight) hours before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to such shares unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.	
<b>80.</b>	Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.	
<b>81.</b>	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.	
<b>82.</b>	<p>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.</p>	



	ii. Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	
<b>83.</b>	No member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.	
<b>84.</b>	In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.	Casting Vote
<b>85.</b>	A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 113 of the Companies Act, 2013 authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.	Representation of Body Corporate
<b>86.</b>	The Company shall comply with provisions of Section 111 of the Companies Act, 2013, relating to circulation of member's resolution.	Circulation of member's Resolution
<b>87.</b>	The Company shall comply with provisions of Section 115 of the Act relating to resolution requiring special notice.	Resolution requiring special notice
<b>88.</b>	The provisions of Section 116 of Companies Act, 2013 shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date	Resolutions passed at adjourned meeting
<b>89.</b>	The Company shall comply with the provisions of Section 117 and 179 of the Companies Act, 2013 relating to registration of certain resolutions and agreements.	Registration of resolutions and agreements
<b>90.</b>	<p>i. The Company shall cause minutes of all proceedings of general meetings, and of all proceedings of every meeting of its Board of Directors or of every Committee of the Board to be kept by making within thirty days of the conclusion of every such meeting concerned, entries thereof in books kept for the purpose with their pages consecutively numbered.</p> <p>ii. Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such books shall be dated and signed:</p> <p>A. in the case of minutes of proceedings of the Board or of a Committee thereof by the Chairman of the said meeting or the Chairman of the next succeeding meeting.</p> <p>B. in the case of minutes of proceedings of the general meeting by Chairman of the said meeting within the aforesaid period, of thirty days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.</p> <p>C. In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.</p> <p>D. The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.</p> <p>E. All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of the meeting.</p> <p>F. In the case of a meeting of the Board of Directors or of a Committee of the Board, the minutes shall also contain:</p> <p>a. the names of the Directors present at the meetings, and</p> <p>b. in the case of each resolution passed at the meeting, the names of the Directors, if any dissenting from or not concurring in the resolution.</p>	Minutes of proceedings of general meeting and of Board and other meetings



	<p>iii. Nothing contained in Clauses (a) to (d) hereof shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting:</p> <ol style="list-style-type: none"> <li>is or could reasonably be regarded, as defamatory of any person</li> <li>is irrelevant or immaterial to the proceedings; or</li> <li>in detrimental to the interests of the Company.</li> </ol> <p>iv. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this clause.</p>	
<b>91.</b>	The minutes of meetings kept in accordance with the provisions of Section 118 of the Companies Act, 2013 shall be evidence of the proceedings recorded therein.	Minutes to be considered to be evidence
<b>92.</b>	No document purporting to be a report of the proceedings of any general meeting of the Company shall be circulated or advertised at the expenses of the Company unless it includes the matters required by Section 118 of the Act to be contained in the Minutes of the proceedings of such meeting.	Publication of reports of proceeding of general meetings
<b>93.</b>	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.	Proxy
<b>94.</b>	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	
<b>95.</b>	<p>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:</p> <p>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.</p>	
<b>96.</b>	<p>The First Directors of the Company shall be:</p> <ol style="list-style-type: none"> <li>Mr. Vivek Dholiya</li> <li>Mr. Damini Dholiya</li> </ol>	Board of Directors
<b>97.</b>	The Directors need not hold any “Qualification Share(s)”.	
<b>98</b>	<p>Appointment of Senior Executive as a Whole Time Director Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any persons as a Whole Time Director of the Company for such a period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:</p> <p>He may be liable to retire by rotation as provided in the Act but shall be eligible for re-appointment. His re-appointment as a Director shall not constitute a break in his appointment as Whole Time Director. He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation. He shall cease to be a Director of the Company on the happening of any event specified in Section 164 of the Act. Subject to what is stated herein above, he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by Managing Director(s) and / or the Board, shall exercise such powers and authorities subject to such restrictions and</p>	





	<p>conditions and / or stipulations as the Managing Director(s) and /or the Board may, from time to time determine.</p> <p>Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such whole time directors.</p>	
<b>99.</b>	<p>i. The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.</p> <p>ii. In addition to the remuneration payable to them in pursuance of the Act, the directors -may be paid all travelling, hotel and other expenses properly incurred by them—</p> <p>a. in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or</p> <p>b. in connection with the business of the company.</p>	
<b>100.</b>	The Board may pay all expenses incurred in getting up and registering the company.	
<b>101.</b>	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 thinks fit respecting the keeping of any such register.	
<b>102.</b>	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.	
<b>103.</b>	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.	
<b>104.</b>	<p>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.</p> <p>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.</p>	
<b>105.</b>	Not less than two-thirds of the total number of Directors of the Company, excluding the Independent directors if any appointed by the Board, shall be persons whose period of office is liable to determination by retirement of Directors by rotation and save as otherwise expressly provided in the Act and these Articles be appointed by the Company in General Meeting.	Retirement and Rotation of Directors
<b>106.</b>	The remaining Directors shall be appointed in accordance with the provisions of the Act.	
<b>107.</b>	At the Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.	
<b>108.</b>	Subject to the provisions of the Act and these Articles the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provision of the Act, a retiring Director shall retain office until the dissolution of the meeting at which his reappointment is decided or successor is appointed.	
<b>109.</b>	Subject to the provisions of the Act and these Articles, the retiring Director shall be eligible for reappointment.	
<b>110.</b>	Subject to the provision of the Act and these Articles, the Company, at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereto.	



<b>111.</b>	Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to any of the Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or Body (hereinafter in this Article referred to as “the Corporation”) continue to hold debentures or shares in the Company as a result of underwriting or by direct subscription or private placement, or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole time or non-whole time (which Director or Directors is/are hereinafter referred to as “Nominee Director/s”) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their places.	Nominee Director
<b>112.</b>	The terms and conditions of appointment of a Nominee Director/s shall be governed by the agreement that may be entered into or agreed with mutual consent with such Corporation. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors.	
<b>113.</b>	The Nominee Directors so appointed shall hold the said office only so long as any money only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Shares or Debentures in the Company as a result of direct subscription or private placement or the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately, if the moneys owing by the Company to the Corporation is paid off or on the Corporation ceasing to hold debentures/shares in the Company or on the satisfaction of the liability of the Company arising out of any Guarantee furnished by the Corporation.	
<b>114.</b>	<p>The Nominee Directors appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and/or the Meetings of the Committee of which the Nominee Director/s is/are members as also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes. The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Directors shall accrue to the Corporation and same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or by such Nominee Directors in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Directors.</p> <p>Provided that if any such Nominee Directors is an Officer of the Corporation / IDBI, the sitting fees in relation to such Nominee Directors shall also accrue to the Corporation/ IDBI as the case may be and the same shall accordingly be paid by the Company directly to the Corporation.</p>	
<b>115</b>	Provided also that in the event of the Nominee Directors being appointed as Whole time Directors such Nominee Directors shall exercise such powers and duties as may be approved by the Lenders. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Lenders.	
<b>116.</b>	The Company may (subject to the provisions of Act and other applicable provisions and these Articles) remove any Director before the expiry of his period of office after giving him a reasonable opportunity of being heard.	Removal of Director
<b>117.</b>	Special notice as provided in the Act shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed.	



<b>118.</b>	On receipt of the notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director (whether or not he is a member of the Company) shall be entitled to be heard on the resolution at the meeting.	
<b>119</b>	<p>Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company and requests its notification to members of the Company, the Company shall, if the time permits it to do so-,</p> <p>(a) in any notice of the resolution given to members of the Company state the fact of the representations having been made, and</p> <p>(b) send a copy of the representations to every member of the Company to whom the notice of the meeting is sent (whether before or after the receipt of representation by the Company) and if a copy of the representation is not sent as aforesaid due to insufficient time or for the company's default, the director may without prejudice to his right to be heard orally require that the representation shall be read out at the meeting:</p> <p>Provided that copy of the representation need not be sent out and the representation need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Tribunal is satisfied that the rights conferred by this sub-section are being abused to secure needless publicity for defamatory matter; and the Tribunal may order the company's costs on the application to be paid in whole or in part by the director notwithstanding that he is not a party to it.</p>	
<b>120.</b>	A vacancy created by the removal of a director under this article, if he had been appointed by the company in general meeting or by the Board, be filled by the appointment of another director in his place at the meeting at which he is removed, provided special notice of the intended appointment has been given as prescribed in the Act.	
<b>121</b>	A director so appointed shall hold office till the date up to which his predecessor would have held office if he had not been removed.	
<b>122.</b>	<p>If the vacancy is not filled under clause (5) above, it may be filled as a casual vacancy in accordance with the provisions of this Act:</p> <p>Provided that the director who was removed from office shall not be reappointed as a director by the Board of Directors.</p>	
<b>123.</b>	<p>Nothing in this section shall be taken-</p> <p>a) as depriving a person removed under this section of any compensation or damages payable to him in respect of the termination of his appointment as director as per the terms of contract or terms of his appointment as director, or of any other appointment terminating with that as director; or</p> <p>b) as derogating from any power to remove a director under other provisions of this Act.</p>	
<b>124.</b>	<p>Subject to provisions of the Act, the Directors including Managing or whole time Directors shall be entitled to and shall be paid such remuneration as may be fixed by the Board of Directors from time to time in recognition of the services rendered by them for the company.</p> <p>In addition to the remuneration payable to the Directors as above, they may be paid all travelling, hotel and other expenses incurred by them.</p> <p>a. In attending and returning from meetings of the Board of Directors and committee thereof, all General Meetings of the company and any of their adjourned sittings, or</p> <p>b. In connection with the business of the Company.</p>	Remuneration and sitting fees to Directors including Managing and whole time Directors
<b>125</b>	Each Director shall be entitled to be paid out of the funds of the Company by way of sitting fees for his services not exceeding the sum of Rs. 1,00,000/- (Rupees One	



	<p>Lac) as may be fixed by Directors from time to time for every meeting of the Board of Directors and/ or committee thereof attended by him in addition to any remuneration paid to them. If any Director being willing is appointed to an executive office either whole time or part time or be called upon to perform extra services or to make any special exertions for the purpose of the Company then subject to Section 196, 197 &amp; 198, read with Schedule V of the Act, the Board may remunerate such Directors either by a fixed sum or by a percentage of profit or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled to.</p>	
<b>126.</b>	<p>i. Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.</p> <ul style="list-style-type: none"> <li>a. The power to make calls on shareholders in respect of money unpaid on their shares;</li> <li>b. The Power to authorize buy-back of securities under Section 68 of the Act.</li> <li>c. Power to issue securities, including debenture, whether in or outside India</li> <li>d. The power to borrow moneys</li> <li>e. The power to invest the funds of the Company,</li> <li>f. Power to Grant loans or give guarantee or provide security in respect of loans</li> <li>g. Power to approve financial statements and the Board's Report</li> <li>h. Power to diversify the business of the Company</li> <li>i. Power to approve amalgamation, merger or reconstruction</li> <li>j. Power to take over a Company or acquire a controlling or substantial stake in another Company</li> <li>k. Powers to make political contributions;</li> <li>l. Powers to appoint or remove key managerial personnel (KMP);</li> <li>m. Powers to take note of appointment(s) or removal(s) of one level below the Key Management Personnel;</li> <li>n. Powers to appoint internal auditors and secretarial auditor;</li> <li>o. Powers to take note of the disclosure of director's interest and shareholding;</li> <li>p. Powers to buy, sell investments held by the Company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee Company;</li> <li>q. Powers to invite or accept or renew public deposits and related matters;</li> <li>r. Powers to review or change the terms and conditions of public deposit;</li> <li>s. Powers to approve quarterly, half yearly and annual financial statements or financial results as the case may be.</li> </ul> <p>Provided that the Board may by resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (d), (e) and (f) to the extent specified in clauses (ii), (iii) and (iv) respectively on such condition as the Board may prescribe.</p> <p>ii. Every resolution delegating the power referred to in sub-clause (d) of clause (i) shall specify the total amount outstanding at any one time up to which moneys may be borrowed by the delegate.</p>	<p><b>Powers and duties of Directors:</b></p> <p><b>Certain powers to be exercised by the Board only at meeting</b></p>



	<p>iii. Every resolution delegating the power referred to in sub-clause (e) of clause (i) shall specify the total amount up to which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.</p> <p>iv. Every resolution delegating the power referred to in sub-clause (f) of clause (i) shall specify the total amount up to which loans may be made by the delegates, the purposes for which the loans may be made and the maximum amount up to which loans may be made for each such purpose in individual cases.</p> <p>v. Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in this Article.</p>	
<b>127.</b>	<p>i. The Board of Directors of the Company shall not except with the consent of the Company in general meeting:</p> <ol style="list-style-type: none"> <li>sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;</li> <li>remit, or give time for the repayment of any debt, due by a Director;</li> <li>invest, otherwise than in trust securities, the amount of compensation received by it as a result of any merger or amalgamation;</li> <li>borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or</li> <li>contribute to <i>bona fide</i> charitable and other funds, aggregate of which in any financial year, exceed five percent of its average net profits during the three financial years, immediately proceedings.</li> </ol> <p>ii. Nothing contained in sub-clause (a) above shall affect:</p> <ol style="list-style-type: none"> <li>the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or</li> <li>the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.</li> </ol> <p>iii. Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (i) (a) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.</p> <p>iv. No debt incurred by the Company in excess of the limit imposed by sub-clause (d) of clause (i) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and</p>	<b>Restriction on powers of Board</b>



	without knowledge that the limit imposed by that clause had been exceeded.	
<b>128.</b>	Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in Section 180 of the Companies Act, 2013 and in regard to the limitations on the power of the Company contained in Section 182 of the Companies Act, 2013.	
<b>129.</b>	Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.	General powers of the Company vested in Directors
<b>130.</b>	<p>Without prejudice to the general powers conferred by Article above and the other powers conferred by these presents and so as not in any way to limit any or all of those powers and subject to the provisions of the Act and these Articles, it is hereby expressly declared that the Directors shall have the following powers:</p> <ol style="list-style-type: none"> <li>i. to pay and charge to the capital account of the Company and interest lawfully payable thereon under the provisions of Sections 76 corresponding to Section 40 of the Companies Act, 2013;</li> <li>ii. to purchase or otherwise acquire any lands, buildings, machinery, premises, hereditaments, property effects, assets, rights, credits, royalties, bounties and goodwill of any person, firm or Company carrying on the business which this Company is authorised to carry on, at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or acquisition to accept such title as the Board may believe or may be advised to be reasonable satisfactory;</li> <li>iii. to purchase, or take on lease for any term or terms of years, or otherwise acquire any mills or factories or any land or lands, with or without buildings and outhouses thereon, situate in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase, lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;</li> <li>iv. to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, debenture stock or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;</li> <li>v. To erect, construct, enlarge, improve, alter, maintain, pull down rebuilt or reconstruct any buildings, factories, offices, workshops or other structures, necessary or convenient for the purposes of the Company and to acquire lands for the purposes of the Company;</li> <li>vi. To let, mortgage, charge, sell or otherwise dispose of subject to the provisions of Section 180 of the Companies Act, 2013 any property</li> </ol>	Specific Power given to Directors





	<p>of the Company either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as they think fit and to accept payment or satisfaction for the same in cash or otherwise, as they may think fit;</p> <p>vii. To insure and keep insured against loss or damage by fire or otherwise, for such period and to such extent as they may think proper, all or any part of the building, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power;</p> <p>viii. Subject to Section 179 of the Companies Act, 2013 to open accounts with any bank or bankers or with any Company, firm, or individual and to pay money into and draw money from any account from time to time as the Directors may think fit;</p> <p>ix. To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the properties of the Company and its unpaid capital for the time being or in such other manner as they may think fit;</p> <p>x. To attach to any shares to be issued as the consideration for any contract with or property acquired by the Company, or in payment for services rendered to the Company, such conditions, subject to the provisions of the Act, as to the transfer thereof as they may think fit;</p> <p>xi. To accept from any member on such terms and conditions as shall be agreed, a surrender of his shares or stock or any part thereof subject to the provisions of the Act;</p> <p>xii. To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trusts and to provide for the remuneration of such trustee or trustees;</p> <p>xiii. To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its Officers or otherwise concerning the affairs of the Company and also subject to the provisions of Section 180 of the Companies Act, 2013 to compound and allow time for payment or satisfaction of any debts due, or of any claims or demands by or against the Company;</p> <p>xiv. Subject to the provisions of Sections 180 of the Companies Act, 2013 to invest and deal with any of the moneys of the Company, not immediately required for the purpose thereof, upon such Shares, securities or investments (not being Shares in this Company) and in such manner as they may think fit, and from time to time to vary or realize such investments.</p> <p>xv. Subject to such sanction as may be necessary under the Act or these Articles, to give any Director, Officer, or other person employed by the Company, an interest in any particular business or transaction either by way of commission on the gross expenditure thereon or otherwise or a share in the general profits of the Company, and such interest, commission or share of profits shall be treated as part of the working expenses of the Company.</p>	
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	<p>xvi. To provide for the welfare of employees or ex-employees of the Company and their wives, widows, families, dependants or connections of such persons by building or contributing to the building of houses, dwelling, or chawls or by grants of money, pensions, allowances, gratuities, bonus or payments by creating and from time to time subscribing or contributing to provident and other funds, institutions, or trusts and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and other assistance as the Directors shall think fit;</p> <p>xvii. To establish and maintain or procure the establishment and maintenance of any contributory or non contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances or emoluments, to any persons who are or were at any time in the employment or services of the Company, or of any Company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary Company, or who are or were at anytime Directors or officers of the Company or of any such other Company as aforesaid, and the wives, widows, families and dependants of any such persons and, also to establish and subsidize and subscribe to any institution, association, clubs or funds collected to be for the benefit of or to advance the interests and well being of the Company or of any such other Company as aforesaid, and make payments to or towards the insurance of any such person as aforesaid and do any of the matters aforesaid, either alone or in conjunction with any such other Company as aforesaid;</p> <p>xviii. To decide and allocate the expenditure on capital and revenue account either for the year or period or spread over the years.</p> <p>xix. To appoint and at their discretion to remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and servants for permanent, temporary or special service as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit, and from time to time to provide for the management and transactions of the affairs of the Company in any special locality in India in such manner as they may think fit. The provisions contained in the clause following shall be without prejudice to the general powers conferred by this clause.</p> <p>xx. At any time and from time to time by power of attorney to appoint any person or persons to be the Attorney or Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these presents) and for such period and subject to such conditions as the Directors may from time to time think fit and any such appointment (if the Directors may think fit) be made in favour of any Company or the members, directors, nominees or managers of any Company or firm or otherwise in favour of any fluctuating body or person whether nominated, directly or indirectly by the Directors and such power of attorney may contain any such powers for the protection or convenience of persons dealing with such Attorneys as the Directors may think fit; and may contain powers enabling any such delegates or Attorneys as aforesaid to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.</p>	
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	<p>xxi. To enter into all such negotiations, contracts and rescind and/or vary all such contracts and to execute and do all such acts, deeds, and things in the name of on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company;</p>	
<b>131.</b>	<p>a) Subject to the provisions of the Act and of these Articles the Board shall have power to appoint from time to time one or more Directors as Managing Director or Managing Directors and/or Whole-time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director(s)/Whole-time Director(s), such of the power hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restriction as it may determine, the remuneration of such Directors may be by way of monthly remuneration and/or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.</p> <p>b) Subject to the approval of shareholders in their meeting, the managing director of the Company may be appointed and continue to hold the office of the chairman and managing director or Chief Executive officer of the Company at the same time.</p> <p>c) Subject to the provisions of Sections 197 &amp; 198 of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in general meeting and of the Central Government.</p>	<p><b>MANAGING DIRECTORS</b></p> <p>Power to appoint Managing or Whole-time Directors</p>
<b>132.</b>	<p>a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.</p> <p>b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<p><b>Proceedings of the Board</b></p>
<b>133.</b>	The quorum for meetings of Board/Committees shall be as provided in the Act or under the rules.	
<b>134.</b>	<p>a) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.</p> <p>b) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.</p>	
<b>135</b>	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.	
<b>136.</b>	The participation of directors in a meeting of the Board/ Committees may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under law.	
<b>137.</b>	<p>a) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.</p>	



<b>138.</b>	a) 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. b) 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.	Delegation of Powers of Board to Committee
<b>139.</b>	a) A committee may elect a Chairperson of its meetings. b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.	
<b>140.</b>	a) A committee may meet and adjourn as it thinks fit. b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.	
<b>141.</b>	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.	
<b>142.</b>	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	
<b>143.</b>	Subject to the provisions of the Act—	Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer
	a) 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; b) A director may be appointed as chief executive officer, manager, Company secretary or chief financial officer.	
<b>144.</b>	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officers, 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.	
<b>145.</b>	a) The Board shall provide for the safe custody of the seal. b) 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.	The Seal
<b>146.</b>	The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.	Dividends and Reserve
<b>147.</b>	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.	
<b>148.</b>	a) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting	



	<p>contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	
<b>149.</b>	<p>a) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p> <p>b) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	
<b>150</b>	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.	
<b>151.</b>	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	
<b>152.</b>	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.	
<b>153.</b>	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	
<b>154.</b>	<p>No dividend shall bear interest against the Company.</p> <p>Provided however that no amount outstanding as unclaimed dividends shall be forfeited unless the claim becomes barred by law and that such forfeiture, when effected, will be annulled in appropriate cases;</p>	
<b>155.</b>	<p>Where a dividend has been declared by a company but has not been paid or claimed within thirty days from the date of the declaration, the company shall, within seven days from the date of expiry of the thirty days, transfer the total amount of dividend which remains unpaid or unclaimed to a special account to be opened by the company in that behalf in any scheduled bank to be called the Unpaid Dividend Account as per provisions of section 124 and any other pertinent provisions in rules made thereof.</p> <p>The company shall transfer any money transferred to the unpaid dividend account of a company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Fund known as Investor Education and Protection Fund established under section 125 of the Act.</p>	
<b>156.</b>	The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares.	



<b>157.</b>	Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.	
<b>158.</b>	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.</p>	Accounts
<b>159.</b>	<p>Minutes Books of General Meetings</p> <p>a) The books containing the minutes of the proceedings of any general meeting of the Company shall;</p> <ol style="list-style-type: none"> <li>be kept at the registered office of the Company, and</li> <li>be open, during the business hours to the inspection of any member without charge subject such reasonable restrictions as the Company may, in general meeting impose so however that not less than two hours in each day are allowed for inspection.</li> </ol> <p>Provided however that any person willing to inspect the minutes books of General Meetings shall intimate to the Company his willingness atleast 15 days in advance.</p> <p>b) Any member shall be entitled to be furnished, within seven days after he has made a request in that behalf of the Company, with a copy of any minutes referred to in Clause (a) above, on payment of Rs. 10/- (Ten Rupees only) for each page or part thereof.</p>	Inspection of Statutory Documents of the Company:
<b>160.</b>	<p>Register of charges:</p> <p>a) The Company shall keep at its registered office a Register of charges and enter therein all charges and floating charges specifically affecting any property or assets of the Company or any of its undertakings giving in each case the details as prescribed under the provisions of the Act.</p> <p>b) The register of charges and instrument of charges, as per clause (i) above, shall be open for inspection during business hours—</p> <ol style="list-style-type: none"> <li>by any member or creditor without any payment of fees; or</li> <li>by any other person on payment of such fees as may be prescribed,</li> </ol> <p>Provided however, that any person willing to inspect the register of charges shall intimate to the Company at least 15 days in advance, expressing his willingness to inspect the register of charges, on the desired date.</p>	
<b>161.</b>	<p>a) The first Auditor of the Company shall be appointed by the Board of Directors within 30 days from the date of registration of the Company and the Auditors so appointed shall hold office until the conclusion of the first Annual General Meeting.</p> <p>b) Appointment of Auditors shall be governed by provisions of Companies Act 2013 and rules made there under.</p> <p>c) The remuneration of the Auditor shall be fixed by the Company in the Annual General Meeting or in such manner as the Company in the Annual General Meeting may determine. In case of an Auditor appointed by the Board his remuneration shall be fixed by the Board.</p> <p>d) The Board of Director may fill any casual vacancy in the office of the auditor and where any such vacancy continues, the remaining auditor, if any may act,</p>	Audit





	but where such vacancy is caused by the resignation of the auditors and vacancy shall be filled up by the Company in General Meeting.	
<b>162.</b>	<p>Subject to the provisions of Chapter XX of the Act and rules made there under—</p> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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 others securities whereon there is any liability.</li> </ol>	Winding up
<b>163.</b>	<p>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 TribunalSubject to the provisions of Chapter XX of the Act and rules made there under—</p>	Indemnity
<b>164.</b>	<ol style="list-style-type: none"> <li>Every Director, Manager, Secretary, Trustee, Member or Debenture holder, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in or about the business of the company shall, if so required by the Board before entering upon their duties sign a declaration pledging themselves to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters which may come to their knowledge in the discharge of their duties except when required to do so by the Board or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents.</li> <li>No member shall be entitled to visit or inspect any works of the Company, without the permission of the Directors or to require discovery of or any information respecting any details of the Company's trading or business or any matter which is or may be in the nature of a trade secret, mystery of trade, secret or patented process or any other matter, which may relate to the conduct of the business of the Company and which in the opinion of the directors, it would be inexpedient in the interests of the Company to disclose.</li> </ol>	Secrecy



## **SECTION XV – 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 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 Draft Prospectus, delivered to the Registrar of Companies, for registration. Copies of the above-mentioned 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 Prospectus until the Issue Closing Date.

#### **Material Contracts**

1. Issue Agreement dated December 15, 2021 between our Company and Shreni Shares Private Limited as Lead Manager to the Issue.
2. Registrar Agreement dated December 15, 2021 executed between our Company and the Registrar to the Issue (Skyline Financial Services Private Limited)
3. Market Making Agreement dated [●] between our Company, Lead Manager and Market Maker.
4. Banker to the Issue Agreement dated [●] among our Company, Lead Manager, Banker to the Issue and the Registrar to the Issue.
5. Underwriting Agreement dated [●] between our Company, Lead Manager and Underwriters.
6. Tripartite Agreement dated [●] among CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated [●] among NDSL, the Company and the Registrar to the Issue.

#### **Material Documents**

1. Certified copies of the Memorandum and Articles of Association of the Company as amended.
2. Certificate of Incorporation dated September 30, 2021 issued by the Registrar of Companies, Centre Registration Centre
3. Certificate of Incorporation dated December 13, 2021 consequent upon conversion from Private company to Public Company.
4. Copy of the Board Resolution dated December 13, 2021 authorizing the Issue and other related matters.
5. Copy of Shareholder's Resolution dated December 14, 2021 authorizing the Issue and other related matters.
6. Copies of Audited Financial Statements of our Company for the stub period ended on November 30, 2021.
7. Peer Review Auditors Report dated December 15, 2021 on Restated Financial Statements of our Company for the stub period ended on November 30, 2021.
8. Copy of the Statement of Special Tax Benefits dated December 15, 2021 from the Statutory Auditor.
9. Consents of the Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Market Maker, Underwriter, Banker to our Company, Banker to the Issue, Sponsor Bank, Statutory Auditor of the Company, Peer Review Auditor, Promoters of our Company, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, as referred to, in their respective capacities.
10. Board Resolution dated December 23, 2021 for approval of Draft Prospectus, dated [●] for approval of Prospectus
11. Due Diligence Certificate from Lead Manager dated December 23, 2021 filed with BSE and dated [●] filed with SEBI.
12. Approval from BSE vide letter dated [●] to use the name of BSE in the Prospectus for listing of Equity Shares on the SME Platform of the BSE.



## **DECLARATION**

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/ regulations issued by Securities and Exchange Board of India established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with while issuing the Draft Prospectus. No statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, each as amended from time to time or the rules made there under or regulations and guidelines issued, as the case may be. We further certify that all the statements made in the Draft Prospectus are true and correct.

### **SIGNED BY THE DIRECTOR OF OUR COMPANY:**

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**Mr. Vivek Dholiya**

*Chairman and Managing Director*

*DIN: 09340902*

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**Mrs. Damini Dholiya**

*Whole-time Director*

*DIN: 09340903*

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**Mr. Ankit Jagdishbhai Kansara**

*Non-Executive Independent Director*

*DIN: 09415953*

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**Mr. Shirish Amrutlal Kotadia**

*Non-Executive Independent Director*

*DIN: 09415940*

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**Mr. Pankil Anilbhai Gandhi**

*Non-Executive Independent Director*

*DIN: 09421101*

### **SIGNED BY THE CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY: -**

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**Mrs. Beena Varun Koshiya**

*Chief Financial Officer*

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**Mr. Narendra Gupta**

*Company Secretary and Compliance Officer*

**Date – December 23, 2021**

**Place – Vadodara**