



## SKY GOLD LIMITED

CIN: U36911MH2008PLC181989

Our Company was incorporated as Sky Gold Private Limited on May 07, 2008 under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 181989. The status of our Company was changed to a public limited company and the name of our Company was changed to Sky Gold Limited by a special resolution passed on June 19, 2018. A fresh Certificate of Incorporation consequent upon conversion was issued on June 26, 2018 by the Registrar of Companies, Mumbai. For further details, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page no. 107 of this Draft Prospectus.

**Registered Office:** Gala no. 101, 102, 103, 1st Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai - 400080.

**Tel No:** +91 – 22 – 2593 9399 / 2592 9299; **Email:** info@skygold.in; **Website:** www.skygold.in

**Corporate Office:** No. 12A, 13 and 14, 1st Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002; **Telefax:** +91 – 22 – 2241 3636

**Contact Person:** Ms. Disha Shenoy, Company Secretary and Compliance Officer.

**Our Promoters:** Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan

### THE ISSUE

**PUBLIC ISSUE OF 14,20,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF SKY GOLD LIMITED ("SGL" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹ [●] PER SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ [●] ("THE ISSUE") OF WHICH 72,000 EQUITY SHARES OF ₹ 10 EACH WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKERS TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 13,48,000 EQUITY SHARES OF ₹ 10/- EACH IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 26.43% AND 25.09%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY.**

### THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 AND THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE

**THIS ISSUE IS BEING MADE IN TERMS OF CHAPTER XB OF THE SEBI (ICDR) REGULATIONS, 2009 AS AMENDED FROM TIME TO TIME.**

*For further details see "Issue Related Information" beginning on page no. 180 of this Draft Prospectus.*

In terms of the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to "Issue Procedure" on page no. 187 of this Draft Prospectus. A copy will be delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of the Company, there has been no formal market for the securities of the company. The Issue Price (as determined and justified by our Company in consultation with the Lead Manager) as stated under the paragraph on "Basis for Issue Price" on page no. 66 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 of our company or regarding the price at which the shares will be traded after listing.

### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision investors must rely on their own examination of our Company and the Issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this document. **Specific attention of the Investors is invited to the statement of Risk Factors given on page no. 10 of this Draft Prospectus under the Section "Risk Factors".**

### COMPANY'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 issued through this Draft Prospectus are proposed to be listed on SME Platform of BSE Limited in terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. Our Company has received an In Principal Approval letter dated [●] from BSE Limited for using its name in this offer document for listing our shares on the SME Platform of BSE Limited. For the purpose of this Issue, the designated Stock Exchange will be the BSE Limited ("BSE").

### LEAD MANAGER TO THE ISSUE



#### ARYAMAN FINANCIAL SERVICES LIMITED

60, Khatau Building, Ground Floor,  
Alkesh Dinesh Modi Marg, Fort, Mumbai – 400 001

**Tel No.:** +91 – 22 – 6216 6999

**Fax No.:** +91 – 22 – 2263 0434

**Email:** ipo@afsl.co.in

**Website:** www.afsl.co.in

**Investor Grievance Email:** feedback@afsl.co.in

**Contact Person:** Mr. Pranav Nagar

**SEBI Registration No.** INM000011344

### REGISTRAR TO THE ISSUE



#### LINK INTIME INDIA PRIVATE LIMITED

C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai – 400 083

**Tel:** +91 – 22 – 4918 6200

**Fax:** +91 – 22 – 4918 6195

**Email:** skygold.ipo@linkintime.co.in

**Website:** www.linkintime.co.in

**Investor Grievance Email:** skygold.ipo@linkintime.co.in

**Contact Person:** Ms. Shanti Gopalkrishnan

**SEBI Registration No.:** INR000004058

### ISSUE OPENS ON

[●]

### ISSUE CLOSES ON

[●]

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

#### General Terms

Term	Description
Sky Gold Ltd. / Sky Gold / The Company / Company / We / Us / Our Company	Unless the context otherwise indicates or implies refers to Sky Gold Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office in the Mumbai, Maharashtra.
Promoter(s)	The Promoters of our company: <ul style="list-style-type: none"> <li>• Mr. Mangesh Chauhan</li> <li>• Mr. Mahendra Chauhan</li> <li>• Mr. Darshan Chauhan</li> </ul>
Promoter Group	Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(1)(zb) of the SEBI ICDR Regulations as disclosed in the Chapter titled “ <i>Our Promoter and Promoter Group</i> ” on page no. 124 of this Draft Prospectus.

#### Company related Terms

Term	Description
Articles / Articles of Association	Unless the context otherwise requires, refers to the Articles of Association of Sky Gold Limited.
Auditor of the Company (Statutory Auditor)	M/s. Jain Kishor & Co., Chartered Accountants, having their office at Office No. 27, 2 <sup>nd</sup> Floor, 226/230, Chamber Bhavan, Kalbadevi Road, Mumbai – 400 002.
Audit Committee	The committee of the Board of Directors constituted on August 03, 2018 as our Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013
Board of Directors / Board	The Board of Directors of Sky Gold Limited, including all duly constituted Committees thereof.
Company Secretary and Compliance Officer	Ms. Disha Shenoy
Director(s)	Director(s) of Sky Gold Limited, unless otherwise specified.
Equity Shares	Equity Shares of our Company of Face Value of ₹ 10 each unless otherwise specified in the context thereof.
Equity Shareholders	Persons holding Equity Share of our Company.
Group Companies	<ul style="list-style-type: none"> <li>• NIL</li> </ul>
Key Management Personnel / KMP	Individuals described in the chapter titled “ <i>Our Management</i> ” on page no. 111 of this Draft Prospectus.
MOA / Memorandum of Association	Memorandum of Association of Sky Gold Limited.
Nomination and Remuneration Committee	The committee of the Board of Directors constituted on August 03, 2018 as our Company’s Nomination and Remuneration Committee in accordance with Section 178 of the Companies Act, 2013.
Peer Review Auditor	M/s. V. J. Shah & Co., Chartered Accountants, having their office at 401- 406, K Building, 24, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001.
Registered Office	Gala No. 101, 102, 103, 1st Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080
Registrar of Companies / RoC	Registrar of Companies, Maharashtra situated at Everest, 100, Marine Drive, Mumbai – 400 002.
Restated Financial Statements	The restated financial statements of our Company for the financial years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014, which comprises the restated balance sheet, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, which have been prepared in accordance with the Companies Act, Indian GAAP, and restated in accordance with the SEBI ICDR Regulations.



Term	Description
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted on August 03, 2018 as our Company's Stakeholders' Relationship Committee.
Stock Exchange	Unless the context requires otherwise, refers to, SME Platform of BSE.

#### Offer Related Terms

Term	Description
Abridged Prospectus	Abridged Prospectus to be issued under Regulation 58 of SEBI ICDR Regulations and appended to the Application Form.
Allotment	Unless the context otherwise requires, the allotment of the Equity Shares pursuant to the Issue to the successful Bidders, including transfer of the Equity Shares pursuant to the Issue to the successful applicants.
Allotment Advice	Note, advice or intimation of Allotment sent to the Applicants who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee(s)	The successful applicant to whom the Equity Shares are being / have been Allotted.
Applicant / ASBA Applicant	Any prospective investor who makes an Application pursuant to the terms of the Draft Prospectus / Prospectus and the Application Form.
Application Form	The Form in terms of which the applicant shall apply for the Equity Shares of the Company.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by ASBA Applicant to make an Application authorizing an SCSB to block the Application Amount in the specified Bank Account maintained with such SCSB. ASBA is mandatory for all Applicants participating in the Issue.
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by the Applicants for blocking the Application Amount mentioned in the ASBA Form.
ASBA Application / Application	An indication to make an offer during the Bid/Offer Period by an Applicant pursuant to submission of the Application Form, to subscribe to the Equity Shares at a price as mentioned in the Prospectus, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in terms of the Prospectus and Application Form.
Banker(s) to the Company	Such banks which are disclosed as Bankers to our Company in the chapter titled "General Information" on page no. 43 of this Draft Prospectus.
Banker(s) to the Issue	The banks which are Clearing Members and registered with SEBI as Banker to an Offer with whom the Escrow Agreement is entered and in this case being Axis Bank.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Applicants under the Offer and which is described in the chapter titled "Issue Procedure" beginning on page no. 187 of this Draft Prospectus.
Business Day	Monday to Friday (except public holidays)
CAN / Confirmation of Allocation Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Collecting Depository Participant(s) or CDP(s)	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. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Controlling Branches	Such Branches of the SCSBs which co-ordinate Applications by the Applicants with the Registrar to the Offer and the Stock Exchanges and a list of which is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details.
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 i.e. CDSL and NSDL
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Designated Date	The date on which the funds blocked by the SCSBs are transferred from the ASBA



Term	Description
	Accounts specified by the Applicants to the Public Offer Account.
Designated Intermediaries / Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Application Forms from the Applicants, in relation to the Issue.
Designated Locations CDP	Such locations of the CDPs where Applicants can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange.
Designated Locations RTA	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	Aryaman Capital Markets Limited (formerly known as Aryaman Broking Limited) 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 Branches SCSB	Such Branches of the SCSBs which shall collect the Application Forms used by the Applicants applying through the ASBA process and a list of which is available on <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
Designated Stock Exchange	SME Platform of BSE
Draft Prospectus	This Draft Prospectus dated August 20, 2018 issued in accordance with the SEBI ICDR Regulations
Eligible NRIs	An NRI from such a jurisdiction outside India where it is not unlawful to make an Issue or invitation under this Issue and in relation to whom the Application Form and the Draft Prospectus will constitutes an invitation to purchase the Equity Shares.
Escrow Agreement	Agreement to be entered into amongst the Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue to receive monies from the Applicants through the SCSBs Bank Account on the Designated Date in the Public Issue Account.
Issue / Issue Size / Public Issue / IPO	This Initial Public Offer of 14,20,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per equity share, aggregating to ₹ [●] by the Company.
Issue Closing date	The date on which the Offer closes for subscription being [●]
Issue Opening date	The date on which the Offer opens for subscription 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 ₹ [●].
LM / Lead Manager	Lead Manager to the Issue, in this case being Aryaman Financial Services Limited.
Listing Agreement / Equity Listing Agreement	Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and BSE.
Market Maker Reservation Portion	The reserved portion of 72,000 Equity Shares of ₹ 10 each at ₹ [●] per Equity Share aggregating to ₹ [●] for the 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 August 06, 2018.
Mutual Fund	A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended.
Non-Institutional Applicant	All Applicants, including Eligible QFIs, sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals, that are not QIBs or Retail Individual Applicants and who have applied for Equity Shares for an amount of more than ₹ 2,00,000 (but not including NRIs other than Eligible NRIs)
Net Issue	The Net Issue of 13,48,000 Equity Shares of ₹ 10 each at ₹ [●] per Equity Share aggregating to ₹ [●] by the Company.
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
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



Term	Description
	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 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 ASBA accounts on the Designated Date.
Qualified Foreign Investors / QFIs	Non-resident investors other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs who meet 'know your client' requirements prescribed by SEBI.
Qualified Institutional Buyers / QIBs	Public financial institutions as defined in Section 2 (72) of the Companies Act, 2013, Foreign Portfolio Investor other than Category III Foreign Portfolio Investor, AIFs, VCFs, FVCIs, Mutual Funds, multilateral and bilateral financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 250 million, insurance funds set up and managed by the army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, Government of India, eligible for Bidding and does not include FVCIs and multilateral and bilateral institutions.
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	Registrar to the Issue being Link Intime India 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 ₹2,00,000
Self Certified Syndicate Bank(s) / SCSBs	A Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and Issues the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at <a href="http://www.sebi.gov.in/pmd/scsb.pdf">http://www.sebi.gov.in/pmd/scsb.pdf</a>
SME Platform of BSE	SME Platform of BSE Limited, approved by SEBI as an SME Exchange for listing of equity shares Issued under Chapter XB of the SEBI ICDR Regulations.
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.
Underwriters	Aryaman Financial Services Limited and Aryaman Capital Markets Limited.
Underwriting Agreement	The Agreement among the Underwriters, the Selling Shareholders and our Company dated August 06, 2018.
U.S. Securities Act	U.S. Securities Act of 1933, as amended.
Working Day	All trading days of the Stock Exchange excluding Sundays and Bank holidays in Mumbai.

#### Technical / Industry Related Terms

Term	Description
3D Prototype	3 Dimensional Prototype
ASSOCHAM	Associated Chambers of Commerce and Industry of India
B2B	Business to Business
BEST	Brihanmumbai Electricity Supply and Transport
BIS	Bureau of Indian Standards
BRIC	Brazil, Russia, India and China
CAD	Computer Aided Design
CAGR	Capital Asset Gearing Ratio
CAM	Computer Aided Manufacturing
Carat / Karat	A measure of purity of Gold
CCTV	Closed Circuit Television
CFC	Common Facility Center
CSO	Central Statistics Organization
DPS	Gold Deposit Scheme
EMDEs	Emerging Markets and Developing Economies
EXIM	Export Import





Term	Description
FDI	Foreign Direct Investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FY	Financial Year
GDP	Gross Domestic Product
GIA	Gemological Institute of America
GJEPC	Gems and Jewellery Export Promotion Council
GML	Gold Metal Loans
GMS	Gold Monetization Scheme
GST	Goods and Service Tax
HSN Code	Harmonized System Nomenclature
IBEF	India Brand Equity Foundation
IMF	International Monetary Fund
Kg.	Kilo Gram
KW	Kilo Watts
LPG	Liquid Petroleum Gas
MEIS	Merchandise Exports from India Scheme
MIDC	Maharashtra Industrial Development Corporation
MSME	Micro Small and Medium Enterprises
NASSCOM	National Association of Software and Services Companies
OECD	Organization for Economic Cooperation and Development
PAN	Permanent Account Number
PoP	Plaster of Paris
Q1	Quarter 1
QA / QC	Quality Assurance / Quality Control
SEZ	Special Economic Zones
Sq. ft.	Square Feet
SSI	Small Scale Industries
WGC	World Gold Council
y-o-y	Year on year

#### Conventional Terms / General Terms / Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AS / Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
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 foreign portfolio investor(s) / Category III FPIs	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Company Identification Number
CIT	Commissioner of Income Tax
Client ID	Client identification number of the Applicant’s beneficiary account
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act,



Term	Description
	2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
Companies Act, 1956	The Companies Act, 1956, as amended from time to time
Companies Act, 2013	The Companies Act, 2013 published on August 29, 2013 and applicable to the extent notified by MCA till date.
CSR	Corporate Social Responsibility
CST	Central Sales Tax
DIN	Director Identification Number
DP	Depository Participant as defined under the Depositories Act
DP ID	Depository Participant's identification
ECS	Electronic Clearing System
EOGM	Extraordinary General Meeting
EMDEs	Emerging Market and Developing Economies
EPS	Earnings Per Share
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FIIs	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
FIPB	Foreign Investment Promotion Board
FPIs	Foreign Portfolio Investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
GDP	Gross Domestic Product
GoI/Government	Government of India
GST	Goods & Services Tax
HNI	High Net worth Individuals
HUF	Hindu Undivided Family
IAS Rules	Indian Accounting Standards, Rules 2015
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
Ind. AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants Of India
ICSI	Institute of Company Secretaries Of India
IPO	Initial Public Offering
ISIN	International Securities Identification Number
KM / Km / km	Kilo Meter
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MoF	Ministry of Finance, Government of India
MICR	Magnetic ink character recognition
MOU	Memorandum of Understanding
NA / N. A.	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NoC	No Objection Certificate
NRE Account	Non Resident External Account
NRIs	A person resident outside India, who is a citizen of India or a person of Indian origin, and





Term	Description
	shall have the meaning ascribed to such term in the Foreign Exchange Management(Deposit) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.00% by NRIs including overseas trusts, in which not less than 60.00% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit after Tax
PLR	Prime Lending Rate
RBI	The Reserve Bank of India
ROE	Return on Equity
RONW	Return on Net Worth
Rupees / Rs. / ₹	Rupees, the official currency of the Republic of India
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI LODR Regulations, 2015 / SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified on September 2, 2015
SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Sec.	Section
Securities Act	U.S. Securities Act of 1933, as amended
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
TIN	Taxpayers Identification Number
TDS	Tax Deducted at Source
US/United States	United States of America
USD/ US\$/ \$	United States Dollar, the official currency of the United States of America
VAT	Value added tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.



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## CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

All references to “India” contained in this Draft Prospectus are to the Republic of India. In this Draft Prospectus, our Company has presented numerical information in “lakhs” units. One lakh represents 1,00,000.

### Financial Data

Unless stated otherwise, the financial data in this Draft Prospectus is derived from our audited financial statements for the fiscal years ended March 31, 2018, 2017, 2016, 2015 and 2014, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and included in this Draft Prospectus. Our Fiscal Year commences on April 1 and ends on March 31 of the following year. In this Draft Prospectus, any discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. 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 practices. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the SEBI Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited. We have not attempted to explain the differences between Indian GAAP, U.S. GAAP and IFRS 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 the section titled “*Risk Factors*”, chapters titled “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page nos. 10, 81 and 152 of this Draft Prospectus, respectively, and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of our audited financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations.

### Currency, Units of Presentation and Exchange Rates

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

### Definitions

For definitions, for details please see the Chapter titled “*Definitions and Abbreviations*” on page no. 1 of this Draft Prospectus in the Section titled “*Main Provisions of the Articles of Association of our Company*” beginning on page no. 235 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

### Industry and Market Data

Unless stated otherwise, the industry and market data and forecasts used throughout this Draft Prospectus has been obtained from industry sources as well as Government Publications. Industry sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Further, the extent to which the industry and market data presented in this Draft Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.



## FORWARD-LOOKING 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 Gems and Jewellery Industry in India and overseas in which 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, gold 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:

- ✓ General economic and business conditions in the markets in which we operate and in the local, regional and national economies
- ✓ Increasing competition in or other factors affecting the industry segment in which our Company operates
- ✓ Changes in laws and regulations relating to the industries in which we operate;
- ✓ Recession in the gems and jewellery industry / market
- ✓ Volatility of interest rates and inflation
- ✓ Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- ✓ Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- ✓ Our inability to retain the services of our senior management, key managerial personnel and capable employees;
- ✓ Changes in political and social conditions in India the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices.
- ✓ Failure to obtain any applicable approvals, licenses, registrations and permits in a timely manner.

For further discussions of factors that could cause our actual results to differ, please see the section titled “*Risk Factors*” and the chapters titled “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page nos. 10, 81 and 152 of this Draft Prospectus, respectively.

By their nature, certain 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. Forward-looking statements speak only as of this Draft Prospectus. Our Company, our Directors, the Lead Manager, and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company, the Selling Shareholders 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 approvals by the Stock Exchange.



## SECTION II – RISK FACTORS

*An investment in Equity Shares involves a high degree of financial risk. You should carefully consider all information in this Draft Prospectus, including the risks described below, before making an investment in our Equity Shares. The risk factors set forth below do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, as well as the other risks and uncertainties discussed in this Draft Prospectus, could have a material adverse effect on our business and could cause the trading price of our Equity Shares to decline and you may lose all or part of your investment. In addition, the risks set out in this Draft Prospectus are not exhaustive. Additional risks and uncertainties, whether known or unknown, may in the future have material adverse effect on our business, financial condition and results of operations, or which we currently deem immaterial, may arise or become material in the future. To obtain a complete understanding of our Company, prospective investors should read this section in conjunction with the sections entitled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations on page nos. 81 and 152 of this Draft Prospectus respectively as well as other financial and statistical information contained in this Draft Prospectus. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.*

*This Draft Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including events described below and elsewhere in this Draft Prospectus. Unless otherwise stated, the financial information used in this section is derived from and should be read in conjunction with restated financial information of our Company prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto.*

### **Materiality**

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

1. Some events may 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. Substantial portion of our revenues are dependent on few customers and the loss of, or a significant reduction in purchases by any one or more such customers could adversely affect our financial performance.***

We currently derive our entire operational revenues from sale of gold jewellery in the domestic market. We depend on a limited number of customers for a significant portion of our revenues. Revenue from our top 10 customers constituted 62.70% and 90.88% of our net sales for fiscal 2018 and fiscal 2017 respectively. Any perceived decline in our quality standards, growing competition and any change in demand may adversely affect our ability to retain or acquire customers and consequently affect our financials. We cannot assure that we shall generate the same quantum of business, or any business at all from our top customers, and any loss of business from one or more of them may adversely affect our revenues and results of operations. Also, the composition and revenue generated from each of the customers might change as we continue to add new customers in the normal course of business. While we are constantly striving to increase our customer base and reduce dependence on any particular customer, there is no assurance that we will be able to broaden our customer base in any future periods or that our business or results of operations will not be adversely affected by a reduction in demand or cessation of our relationship with any of our major customers.



2. ***Our dependence on few suppliers puts us at risk of interruptions in the availability of raw materials, which could adversely affect our business, financial condition and results of operations. Further, we have not entered into any long-term agreements with our suppliers for raw materials and accordingly may not be able to enjoy credit and other facilities provided by our existing suppliers.***

Our main raw material is gold bullion i.e. 24 karat gold. We procure the gold bullion required for the manufacturing of gold jewellery from bullion dealers and through gold metal loans in the domestic market. Though we prefer to deal with a fixed set of suppliers with whom we have cordial relationships, we have not entered into any supply agreement or MoU or any other arrangement with any of our suppliers for procurement of our raw material and we typically transact on an invoice basis for each order. Besides Gold, we use ancillary raw materials like Silver, different mixes of alloy, American diamonds and various coloured stones, which are also procured on invoice bases. Our top 10 suppliers contribute to 77.79% and 84.31% of our purchases for the fiscal 2018 and fiscal 2017. These suppliers have accorded their trust and service based on our long operating history in the industry, our credit worthiness, and our goodwill. We have very frequent transactions, long history and goodwill with some of our suppliers. However, in the absence of written agreements, our suppliers are not bound to supply goods to us and can withdraw their commitments from us at any time. There can be no assurance that there will not be a significant disruption in the supply of raw materials from current sources, or, in the event of a disruption, that we would be able to locate alternative suppliers of the raw materials of comparable quality on terms acceptable to us, or at all. Identifying a suitable supplier involves a process that requires us to become satisfied with their quality control, consistency, responsiveness and service, financial stability and other ethical practices.

In case any of our suppliers discontinue their relationship with us, we may have to procure the raw materials from other locations leading to additional costs on transportation. Also, we cannot assure that our raw material supply will not face disruption due to increased lead time for supply of raw materials leading to either disruption in our manufacturing activity or a complete stopping of the same. If we are unable to maintain our relationship with our current raw material suppliers it may prove difficult to obtain the same from other players.

3. ***We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business which could result in an adverse effect on our results of operations.***

We require certain statutory and regulatory permits, licenses and approvals for our business. We may also need to apply for more approvals in the future including renewal of approvals that may expire from time to time. These approvals are subject to periodic renewal. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. Our failure to renew, maintain or obtain the required permits or approvals within the requisite time may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and results of operations.

Certain statutory and regulatory permits, licenses and approvals are still in our erstwhile name of Sky Gold Private Limited which was converted into our public limited Company in June 2018. While we have made, or are in the process of making, applications for the transfer/registration of some of such permits, licenses and approvals in the current name of our Company, there can be no assurance that we will be able to obtain any such transfer / registration in a timely manner or at all. Further, we have not made applications for the transfer / registration applications of some of such permits, licenses and approvals in the current name of our Company. For details of 'Approvals applied for but not yet received / Renewals made in the usual course of business' and 'Material licenses / approvals for which our Company is yet to apply / Statutory Approvals / Licenses required for the proposed expansion', please refer the chapter "Government and Other Approvals" beginning on page no. 167 of this Draft Prospectus. Any failure or delay in obtaining such approvals, permits and licenses, or the transfer/registration thereof in the current name of our Company, may affect our ability to continue our operations, which may in turn have an adverse effect on our business and results of operations.

The aforesaid permits, licenses and approvals are subject to several conditions, and we cannot assure you that we shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant permits/licenses/approvals. Further, we cannot assure you that penalties under applicable laws would not be imposed on us in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. For details of key regulations applicable to our business and our operations, please refer the chapter "Key Regulations and Policies in India" beginning on page no. 97 of this Draft Prospectus and for details of approvals relating to our business and operations, please refer the chapter "Government and Other Approvals" beginning on page no. 167 of this Draft Prospectus.





**4. *The non-availability or high cost of quality gold bullion and coloured stones and American diamond may have an adverse effect on our business, results of operations and financial condition.***

Timely procurement of raw materials such as gold bullion, American diamonds and coloured stones, as well as the quality and the price, at which it is procured, play an important role in the successful operation of our business. Gold used in our manufacturing operations is primarily sourced through various bullion dealers and through gold metal loans. These gold loan arrangements are subject to specified interest rates as advised by the various canalizing agencies from time to time. We may also require specific quality raw materials including American diamonds and coloured stones for a particular jewellery design. Accordingly, our business is affected by the availability, cost and quality of raw materials. The prices and supply of these and other materials depend on factors beyond our control, including general economic conditions, competition, international prices, production levels and regulatory factors such as import duties. Currently, the RBI allows only certain banks in India to import precious metals such as gold and we are subject to the rates of interest charged by these banks. There has been a significant increase in the cost of gold in recent years, which has resulted in an increase in our operational cost. We cannot assure you that we will be able to procure quality raw materials at competitive prices or at all. Our gold loan arrangements are typically limited by the amount of gold that we can procure under the sanction / agreement and we may not be able to renew these agreements, on favourable terms, or at all. In addition, if for any reason, our primary suppliers of raw materials should curtail or discontinue their delivery of such raw materials to us, in the quantities we need and at prices that are competitive, our ability to meet our material requirements for our operations could be impaired, our delivery schedules could be disrupted and our business and reputation maybe adversely affected. Further, any rise in gold prices may cause customers to delay their purchases, thereby adversely affecting our business, operations and financial condition.

**5. *Being a manufacturing company, we have low net profit margins as compared to industry standards.***

As a company engaged in the manufacture of gems and jewellery industry, concentrating on manufacturing of gold jewellery products, we have in the past reported net profit margins of 0.48%, 0.57% and 0.51% for the fiscals 2018, 2017 and 2016. These margins are comparatively lower than industry standards for a dedicated manufacturing company which is mainly due to high and fluctuating raw material costs and lack of operational efficiencies. Due to lower margins, we have shown lower EPS for our shareholders and may continue to do so. If the margins do not increase over time, we may continue to earn lower profits on higher revenues resulting in slower growth and affect overall financial condition. The management believes that lower margins are mainly due to non-compromise on quality of raw material and compliances which are beneficial in the long run. Besides, due to lower margins in the domestic market, our management has recently started export sales mainly targeting a customer base in the Middle East region.

However, we cannot guarantee that our strategy to target the above mentioned, and other export regions will be successful and that we will be able to generate better margins in the future. If we are unable to increase our margins, it may affect our growth prospects, profitability, operations and overall financial condition along with ability to absorb the fixed costs, if any, for the manufacture of new and innovative designs.

**6. *We do not register our jewellery design under the Designs Act, 2000 and we may suffer a loss of income if our designs are duplicated by our competitors. Moreover, we are susceptible to litigation arising out of infringement of copyright of designs.***

As our industry is fashion oriented, there is a constant need for innovation and trend setting. Jewellery designs change on a frequent basis and therefore we do not register the designs used by us, under the Designs Act, 2000.

A major criterion of our product differentiation from jewellery products is the designs we use in our gold jewellery. These designs are made and finalized by a combination of our in-house designers and the freelance designers we engage. Since these designs are not registered under the Designs Act, 2000, we face the risk of our designs being copied, partially or entirely, by our competitors, resulting in us losing one of our important strength. In the absence of registration under the Designs Act, 2000, we cannot protect our designs by invoking any law on our competitors for duplicating our designs, resulting in a loss of income, thus affecting our results of operation and financial condition. Further, we believe that efforts to protect our intellectual property may not be adequate and we may not be able to detect unauthorized use or take appropriate and timely steps to enforce intellectual property rights either owned by us or those that we have right to use.





We may also be subject to litigation by one of our competitor or other industry players for copying their designs and in absence registration of our designs, we may not be able protect or defend our case. We may inadvertently develop a design already registered by a third party, which may require us to either stop the manufacture & sale of such jewellery or be a part of lengthy litigation to defend the same. In both scenarios, we may be subject to losses due to legal costs, stay on sale of certain products and / or both. Further, if any litigation is proved against us, we may be subject to penalty and / or compensation which may adversely affect our cash flows. While we take care to ensure that we comply with the intellectual property rights of third parties and that there are no pending claims against us for infringement of third party intellectual property rights, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, change the brands under which we distribute our products, obtain licenses or cease some portions of our operations. The occurrence of any of the foregoing could result in unexpected expenses and thus adversely affect our financial condition.

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

As of March 31, 2018, we have outstanding debt of ₹ 5,182.58 lakhs. Such substantial level of indebtedness has important consequences to us, such as:

- Increasing our vulnerability to general adverse economic, industry and competitive conditions;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- Affecting our credit rating;
- Limiting our ability to borrow more money both now and in the future; and
- Increasing our interest expenditure and adversely affecting our profitability, since almost all of our debt bears interest at floating rates.

If any of these risks were to materialise, our business and results of operations may be adversely affected.

**8. *Inventories and trade receivables form a substantial part of our current assets and net worth. Failure to manage our inventory and trade receivables could have an adverse effect on our net sales, profitability, cash flow and liquidity.***

We are in the business of manufacturing gold jewellery which is supplied to various wholesalers, retailers including local players and big brands. Our Company's business is working capital intensive and hence inventories and trade receivables would form a major part of our current assets and net worth. The results of operations of our business are and will be dependent on our ability to effectively manage our inventory (raw material and finished goods) and trade receivables.

We generally procure raw materials on the basis of management estimates based on past requirements and future estimates. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. However, if our management misjudges expected customer demand, it could cause either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory we manufacture, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, all of which could have an adverse impact on our income and cash flows.

To effectively manage our trade receivables, we must be able to accurately evaluate the credit worthiness of our customers and dealers and ensure that suitable terms and conditions are given to them in order to ensure our continued relationship with them. However, if our management fails to accurately evaluate the credit worthiness of our customers, it may lead to bad debts, delays in recoveries and / or write-offs which could lead to a liquidity crunch, thereby adversely affecting our business and results of operations. A liquidity crunch may also result in increased working capital borrowings and, consequently, higher finance cost which will adversely impact our profitability.



**9. *If we are unable to manage our growth effectively or if our estimates or assumptions used in developing our strategic plan are inaccurate or we are unable to execute our strategic plan effectively, our business and prospects may be materially and adversely affected.***

Our revenue and our business operations have grown in recent years. Although we plan to continue to expand our scale of operations, we may not be able to sustain these rates of growth in future periods due to a number of factors, including, among others, our execution capability, our ability to maintain customer satisfaction, macroeconomic factors beyond our control such as decline in global economic conditions, availability of cheaper imported products, competition within India's jewellery industry from players in the organized and unorganized segments, the greater difficulty of growing at sustained rates from a larger revenue base, our inability to control our expenses and the availability of resources for our growth. There can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business operations. Our development and expansion strategies will require substantial managerial efforts and skills and the incurrence of additional expenditures and may subject us to new or increased risks. We may not be able to efficiently or effectively implement our growth strategies or manage the growth of our operations, and any failure to do so may limit future growth and have an adverse effect on our business.

Further, if the estimates or assumptions used in developing our strategic plan vary significantly from actual conditions, our sales, margins and profitability could be impacted. For instance, sales of our products may not grow as quickly as we currently expect, and we may be incorrect in our assumptions and expectations of consumer preferences during our designing of new products. Also, the fund requirement and deployment for our strategies are based purely on management estimates and assumptions considering the current market scenario and are subject to revision in the light of changes in external circumstances or costs. If we are unsuccessful in executing our strategic plan, or if the underlying estimates or assumptions used to develop our strategic plan are materially inaccurate, our business and financial condition would have an adverse impact.

**10. *The deployment of the Net Proceeds from the Issue are based on management estimates and have not been independently appraised by any bank or financial institution and is not subject to any monitoring by any independent agency and our Company's management will have flexibility in utilizing the Net Proceeds from the Issue.***

Our Company intends to primarily use the Net Proceeds from the Issue towards repayment of existing unsecured loans and for the working capital requirement as described in "Objects of the Issue" on page no. 60 of this Draft Prospectus. In terms of Regulation 16 of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Fresh Issue size is not in excess of ₹ 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. Additionally, various risks and uncertainties, including those set forth in this section "Risk Factors", may limit or delay our Company's efforts to use the Net Proceeds from the Issue to achieve profitable growth in its business.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the Shareholders and would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Issue, at a price and manner as specified in Chapter VI-A of the SEBI ICDR Regulations pursuant to the SEBI ICDR (Second Amendment) Regulations, 2016 dated February 17, 2016. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilisation of our Net Proceeds, even if such variation is in our interest. Further, we cannot assure you that our Promoters or the controlling shareholders will have adequate resources at their disposal at all times to enable them to provide an exit opportunity at the price which may be prescribed by 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 and our business and financial results may suffer.



- 11. *Currently we are unable to use BIS Standard Mark i.e. ‘Hallmark’ on our jewellery products as we do not have a valid license and have not yet made an application for obtaining the same. Our inability to obtain such license could result in a material adverse effect on our business and results of operations.***

The Bureau of Indian Standards Act, 2016 (“BIS Act”) provides for the establishment of bureau for the standardization, marking and quality certification of goods. The BIS Standard Mark, better known as Hallmark has a brand image for more than six decades as a reliable source for products which are quality checked. Therefore, both consumers as well as organised purchasers prefer products that are Hallmarked.

Government of India has identified Bureau of Indian Standards (“BIS”) as the sole agency in India to operate the BIS Certification Scheme for Hallmarking of Gold Jewellery (“BIS Hallmarking Scheme”). BIS Hallmarking Scheme is operating under BIS Act, Rules and Regulations. It operates on the basis of trust and thus it is desirable that aspects of quality control are in-built in the system responsible for managing quality. The BIS Hallmarking Scheme has been aligned with International criteria on hallmarking (Vienna Convention 1972). As per this scheme, licence is granted to the jewellers by BIS under BIS Hallmarking Scheme. The BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centre.

As on the date of this Draft Prospectus our Company does not have a valid license for using of the said Hallmark and has not yet made an application to the concerned authority for obtaining the same. Until our said license is obtained we shall not be able to apply our ‘Hallmark’ under the said BIS Hallmarking Scheme on our jewellery products. Sale of our jewellery products without BIS Hallmark Certification affects the customer confidence in the quality and purity of our jewellery products, which adversely impacts our business and goodwill, and also affects our operational results and financial conditions.

- 12. *Some of our properties used by the Company for the purposes of its operations are not owned by us. Any termination of the relevant lease or leave and license agreements in connection with such properties or our failure to renew the same could adversely affect our operations.***

Some of our properties used by us for our business purposes are not owned by us, including our registered office cum manufacturing facility located at Unit No. 1-01, 1-02 and 1-03, Raja Industrial Estate, Raja Industrial Premises Co-Operative Society Ltd., P K Road, Mulund (West), Mumbai – 400 080. The registered office cum manufacturing facility is owned by our Promoters and though we regularly pay rent to our Promoters, we do not have any formal agreement with them for use of such premises. Further, our sales offices in Hyderabad, Telangana and in Thrissur, Kerala have also been acquired by us on a rental basis. We have also entered into a rental deed for our sales office at Hyderabad, Telangana, which is renewable after every two years and entered into a lease deed for our sales office at Thrissur, Kerala which is renewable every 11 months.

Any termination of the lease and/or rental deed and leave and license agreements in connection with such properties which are not owned by us or our failure to renew the same, and upon favourable conditions, in a timely manner or at all and / or our Promoter’s inability to continue the oral arrangement, could adversely affect our operations. For details regarding properties taken on lease and leave and license refer the Section titled “*Our Business - Properties*” beginning on page no. 94 of this Draft Prospectus.

- 13. *Our success depends on the smooth supply and transportation of raw materials from our suppliers to our manufacturing units and of our products from our manufacturing units to our customers, which is subject to various uncertainties and risks.***

We procure our raw materials from domestic suppliers from bullion traders and in the form of gold metal loans. Any disruption of our suppliers’ operations or inadequate or interrupted transportation of raw materials to our facilities could adversely affect our business, results of operations and financial condition. Our ability to deliver our products and to receive raw materials depends on the stable and reliable transportation infrastructure. Disruption of transportation services could affect our operations. Any disproportionate damages on any transporter may not be enforceable in the courts and in such case we may suffer from these losses. In addition, these transportation providers may not be adequate to support our existing and future operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, geopolitical events, or other events could impair our ability to complete our manufacturing activities in time or supply our products to our customers. In the event of any of the foregoing, we may be required to buy raw materials in the spot market at unfavourable prices, which could materially and adversely affect our business and results of operations and financial condition.



**14. Our Company had reported certain Negative Cash flow in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.**

Our Company has experienced certain negative cash flows from operating activities, investing activities as well as financing activities in the previous years, as per the Restated Standalone Financial Statements and the same are summarized as under:

(₹ in lakhs)

Particulars	As on March 31,				
	2018	2017	2016	2015	2014
Cash Flow from Operating Activities	(1,651.31)	324.39	(126.34)	96.62	209.56
Cash Flow from Investing Activities	(153.59)	(206.84)	(69.92)	(15.30)	(17.46)
Cash Flow from Financing Activities	1,832.67	(103.82)	178.61	(99.79)	(165.31)

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. However, if we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

**15. We have not made any provisions for decline in value of our Investments. We may book losses based on actual value we recover for these investments and the same could adversely affect our results of operations.**

We have not made any provision for the decline in value of these investments and hence as and when these investments are liquidated, we may book losses based on the actual value we can recover for these investments and the same could adversely affect our results of operations.

Further, pursuant to our Sanction Letter / Loan Agreement with YES Bank, we have made an investment of 52,200 shares in HDFC Bank Ltd with a cover of 0.5 times of the sanctioned amount. These shares are marked to market and any shortfall in the share value will have to be topped up immediately. In case shortfall in cover by our company the loan will be disbursed on pro-rata basis. Any decline in value of the said shares will impact our loan disbursement and we may experience cash flow issues, which in turn may affect our working capital requirement and financial conditions.

**16. Our Company has availed ₹ 1,480.01 lakhs as unsecured loan which are repayable on demand. Any demand from the lenders for repayment of such unsecured loan may affect our cash flow and financial condition.**

Our Company, as per the restated financial statement, has availed total sum of ₹ 1,480.01 lakhs as unsecured loan as on March 31, 2018, which may be recalled / repayable at any time.

Any urgent repayment required on such borrowings might affect our cash flows and may disrupt our operations and also may force us to opt for funding at higher interest rates, resulting in higher financial burden. Further, we will not be able to raise funds at short notice and thus result in shortage of working capital fund. For further details, please refer the chapter “Financial Indebtedness” on page no. 161 of this Draft Prospectus. Any interim or untimely demand for the repayment of such unsecured loan, may adversely affect our cash flow and financial condition.

**17. Certain Portion of IPO Proceeds will be used to repay a loan from our Promoters - Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan.**

We intend to use certain portion of the proceeds from the Issue to repay a loan from our Promoters, Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan. As of March 31, 2018, we have availed an aggregate of ₹ 1,480.01 lakhs of unsecured loans from them as given in the table below:

(₹ in lakhs)

Sr. No.	Name of the Lender	Loan outstanding as on March 31, 2018	Loan proposed to be repaid
1.	Mr. Mangesh Chauhan	758.07	758.07



2.	Mr. Mahendra Chauhan	527.81	527.81
3.	Mr. Darshan Chauhan	194.12	194.12
	<b>Total</b>	<b>1,480.01</b>	<b>1,480.01</b>

The purposes of the loan were to fund working capital expenditures and for general business purpose. For details, refer the chapter “*Objects of the Issue*” on page no. 60 of this Draft Prospectus.

- 18. *We have, in the past, entered into related party transactions and may continue to do so in the future. We cannot assure you that such transactions, individually or in the aggregate, may always be in the best interests of our shareholders.***

We have entered into various transactions with related parties. For further details, please refer to our Restated Financial Statements at “*Financial Information*” on page no. 131 of this Draft Prospectus. While we believe that we have obtained requisite approvals under applicable laws, wherever required, for all such transactions and have carried them out on an arms-length basis and on commercially reasonable terms, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. For more details on our related party transactions, see our Restated Financial Statements. We cannot assure you that such transactions, individually or in the aggregate, may always be in the best interests of our shareholders.

- 19. *Our insurance policies provide limited coverage and may not adequately insure us against certain operating hazards which may have an adverse effect on our business.***

Our insurance policies include - Jeweller’s Comprehensive Insurance where Gold, Diamond and gems including studded Jewellery, pearls and precious stones of any sort or kind whatsoever and/or other assets, merchandise and material usual to the conduct of the our business, bank notes, whether the same be the our property or that entrusted to the our custody on sale or return or on approbation or for work to be done thereon or for safe custody or for any other purpose whatsoever are insured. We have also taken various standard fire and special perils insurance for the safeguarding of our various properties.

While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies may not cover all risks and are subject to exclusions and deductibles. If any or all of our manufacturing facilities are damaged in whole or in part and our operations are interrupted for a sustained period due to fire and similar perils, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. If we were held liable for large uninsured losses or amounts and claims for insured losses significantly exceeding the limits of our insurance coverage, our business, results of operations and financial condition may be materially and adversely affected. See the section titled “*Business – Insurance*” on page no. 95 of this Draft Prospectus.

- 20. *We are a manufacturing company, and any shutdown of operations at any of our manufacturing units may have an adverse effect on our operations and financial condition.***

Our manufacturing facility, is subject to operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labour disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence. Moreover, catastrophic events could also destroy / damage any inventory located at our facilities. The occurrence of any such event could result in a temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our financial condition.

- 21. *If we are not able to compete successfully against existing and new competitors, we may lose customers and market share. Also, our customers may encourage competition to reduce their costs and even reduce sourcing from us to limit their dependence on us, which would have a material adverse effect on us.***

The product segment in which we operate is highly competitive in India, as a number of large manufacturers compete for customer acceptance. We face competition from both the organized and unorganized sectors in the business of gold jewellery. Competition in this industry is based mainly on the quality, design, availability and





pricing. Because of the highly competitive environment in which we operate, our customers frequently seek to obtain price concessions or better trade terms resulting in reduction of our margins.

Our ability to compete effectively may be affected by a number of factors, including:

- Our competitors may have substantially better financial and marketing strength, research and development capabilities and other resources and higher market share in certain segments than we do, which could provide them with greater scale and negotiating power with customers; and
- Our competitors may have lower manufacturing, sales and distribution costs, and higher profit margins, which may enable them to offer better prices and other promotional incentives; any failure by us to compete effectively, including in terms of pricing and/or providing quality products, could have a material adverse effect on our business, results of operations and financial condition.

The players in the jewellery sector in India often offer their products at highly competitive prices and many of them are well established in their local markets. We also compete against other organized national, regional and local players. Aggressive discounting by competitors, particularly those facing financial pressures may force us to reduce our prices in order to remain competitive and may thereby adversely impact our results of operations. This is particularly the case for easily comparable pieces of jewellery, of similar quality, sold through sales offices that are situated near ours. The pricing of gold jewellery in particular is extremely competitive due to its objectively verifiable value. This, results in us having limited control over our pricing of gold jewellery. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

**22. *We may face labour disruptions that could interfere with our operations.***

We are exposed to the risk of strikes and other industrial actions. Although we believe that we have good relations with our employees presently, there can be no assurance that our employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labour disruptions may adversely affect our operations by delaying or slowing down our manufacturing, increasing our manufacturing cost or even halting a portion of our manufacturing. This may also cause failure in delivering sales commitments, hurt our relationships with customers and disrupt our supply chain, further affecting our revenue and margins. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or use different facilities to continue our operations in a timely and cost effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations, financial condition and cash flows.

In addition, strikes, such as the strike organized by jewellers' across India in March 2016 against imposition of excise duty on unbranded jewellery, pursuant to the Union Budget 2016, resulted in the loss of revenue for the industry. Such strikes have had an adverse impact on our business and operations as we also had to keep most of our showrooms closed during the recent strikes. There can be no assurance that there will not be such strikes in the future. Such long periods of business disruption could also result in a loss of customers, which would adversely affect our business, financial condition and results of operations. Further, if such strikes are held during periods in which we have higher sales, such as Diwali and Akshay Tritiya, our sales would be materially and adversely affected.

**23. *Demand for our products is subject to rapid and unpredictable changes in fashion trends and consumer preferences, and our inability to anticipate and address such changes may adversely affect our business prospects, results of operations and financial condition.***

The jewellery industry, like other luxury retail industries, is subject to rapid and unpredictable changes in fashion trends and customer preferences. Customer preferences for jewellery designs and types may vary significantly from region to region in India. Also, trends in fashion today change rapidly and a particular jewellery design may go out of trend resulting in increased unsold inventory. We cannot guarantee that we will be able to adopt the latest trends immediately, thus giving our competitors a first mover advantage, if they are able to identify the changes before we do.





Furthermore, the increasing popularity of branded jewellery merchandise may adversely impact our business prospects and revenues if we are unable to increase our sales to branded jewellery retailers. In addition, the availability and consumer acceptance of alternates such as diamond jewellery, silver or platinum jewellery or a shift in customer preference to other luxury products or a rise in use of imitation jewellery products, may also adversely affect our business. Our inability to anticipate, identify and react appropriately or in a timely manner to customer preferences, or failure to develop and implement customer oriented sales policies that influence customer purchase decisions, could result in a decrease in consumer acceptance of our products, a diminished brand image and market share, which could result in lower profits. These changes can adversely affect our business prospects, results of operations and financial condition.

- 24. *We have availed of certain loans from Banks, pursuant to the Financing Agreements that we have entered into with them. Pursuant to the terms of such agreements, we require consents from the respective Bankers for a number of corporate actions, including for undertaking this Issue, which have not been obtained as on date. Any failure to obtain such consents may result in a default under the terms of the Financing Agreements.***

Pursuant to the Financing Agreements entered into by us with the Bankers, we are required to obtain consents from the respective Bankers to undertake certain actions, including this Issue and for completion of the requirements pertaining to this Issue. Though, we have informed our bankers orally of our intention to undertake this Issue, we have not obtained consents from such bankers and the same is awaited.

While our Company intends to obtain all the necessary consents in relation to this Offer from our bankers prior to the filing of the Prospectus with the RoC, undertaking this Offer without obtaining these consents, or in contravention of any conditions contained in such contents, may constitute a breach of the Financing Agreements. Any default under the Financing Agreements may enable our bankers to cancel any outstanding commitments, accelerate the repayment and enforce their security interests. If our obligations under the Financing Agreements are accelerated, our financial condition and operations could materially and adversely be affected.

- 25. *Any non-availability of skilled, semi-skilled and un-skilled manpower and / or increased employee costs could negatively affect our ability to operate efficiently and result in disruptions to our manufacturing operations.***

Our manufacturing operations are dependent on access to a large pool of skilled, semi-skilled and un-skilled manpower. Our dependence on such skilled, semi-skilled and un-skilled manpower may result in significant risks for our operations, relating to the availability of such manpower. There can be no assurance that we will have adequate access to the required manpower at reasonable rates, as and when required, or at all. As a result, we may be required to incur additional costs to ensure smooth running of our operations. The labour cost in India has been increasing over the past years due to increasing competition for quality employees among manufacturing companies as well as growth in inflation and general wage increases. Many aspects of our strategies and business growth may require us to hire employees. We cannot assure that these or future agreements may not significantly result in increased employee costs and that we will be able to pass on the increased costs to our customers, partially or at all. Our inability to pass the increased costs may impact our profitability and future growth prospectus.

We also depend on third party contractors for providing manpower for various services associated with our business. We cannot assure you that manpower, whether hired through contractors or directly, will continue to be available at reasonable wages in the areas where our manufacturing facilities are located.

- 26. *Our success depends largely on the continued efforts of our senior management and our ability to attract and retain skilled personnel.***

Our future success depends on the continued services and performance of our directors, key managerial personnel and other senior employees. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. Besides, the gems and jewellery industry require senior personnel with a high level of integrity and trust as they transact in gold and gold jewellery worth huge amounts. We cannot guarantee that we will be able to hire such trustworthy people in future and / or retain our existing trustworthy personnel. The lack of or loss of the services of such key persons in the organization could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations and financial condition. The success of our business will also depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. Demand for qualified professional personnel is high and the availability of these personnel is relatively limited. If we fail to hire and retain sufficient number of




qualified personnel for functions such as manufacturing, finance, marketing, sales, operations and designing, our business operations and financial condition could be adversely affected.

**27. *Any damages caused by fraud or other misconduct by our employees could adversely affect our business, results of operations and financial condition.***

We may be exposed to operational risk arising from inadequacy or failure of internal processes or systems or from fraud. We may be susceptible to fraud or misconduct or theft by employees or outsiders, unauthorized transactions by employees and operational errors. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and reputational or financial harm, including our brand. Our management information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may not be able to identify non-compliance and/or suspicious transactions and / or pilferage in a timely manner or at all. In addition, certain internal control processes are carried out manually, which may increase the risk of human error, tampering or manipulation which may result in losses that may be difficult to detect. As a result, we may suffer monetary losses which adversely affect our business, results of operations and financial condition.

**28. *We have not obtained the registration of all of our trademarks used in our businesses and our inability to obtain or maintain these registrations may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.***

Our intellectual property rights are important to our business. We rely on copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our intellectual property. We have not yet

made an application for the registration of our Corporate logo “” and currently and we do not enjoy the statutory protections accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. There can be no assurance that we will be able to obtain the registration of our trademarks in a timely manner, or at all. For further details, please refer “*Government and Other Approvals*” beginning on page no. 167 of this Draft Prospectus.

We also rely on unpatented proprietary know-how and other trade secrets to develop and maintain our competitive position. However, we cannot be certain that the steps we have taken will prevent unauthorised use of our intellectual property. Therefore, our efforts to protect our intellectual property may not be adequate. Our competitors may duplicate our products and services. Unauthorised parties may infringe upon or misappropriate our products and services or proprietary information.

We are also exposed to the risk that other entities may pass off their services as ours by imitating our brand name and material. The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorised use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

The misappropriation or duplication of our intellectual property could disrupt our on-going business, distract our management and employees, reduce our revenue and increase our expenses. We may need to litigate to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Any such litigation could be time-consuming and costly. As the number of copyrights and other intellectual property rights in our industry increases, and as the coverage of these rights increases, we believe that companies in our industry will face more frequent infringement claims. Defending against these claims, even if not meritorious, could be expensive and divert our attention and resources from operating our Company.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights, which may force us to alter our offerings. We may also be susceptible to claims from third parties asserting infringement and other related claims. If such claims are raised, those claims could result in costly litigation, divert management’s attention and resources, subject us to significant liabilities and require us to enter into potentially expensive royalty or licensing agreements or to cease certain offerings. Regardless of their merit, infringement and other intellectual property



claims are often expensive and time-consuming to litigate. The materialization of any of the foregoing risks could adversely affect our business, results of operations and financial condition.

**29. *Our Director, Mr. Darshan Chauhan is involved in a tax proceeding, which, if determined adversely, may adversely affect our business, results of operations and prospects.***

Our Director, Mr. Darshan Chauhan is involved in a tax proceeding. The amount involved in the said proceeding is approximately ₹ 0.02 lakhs. Any adverse ruling in the above proceeding or consequent levy of penalty may render him liable to liability / penalty and may have an adverse effect on our reputation / business, which in turn may adversely affect the trading price of our Equity Shares. For further details regarding this legal proceeding, refer 'Outstanding Litigation and Material Developments' beginning on page 164 of this Draft Prospectus.

**30. *The implementation of our strategies and other aspects of our business will require significant fund infusion; if we do not have access to sufficient funds, it could adversely affect our business prospects.***

The implementation of many aspects of our strategies will require significant funding. In addition, many aspects of our general business operations have on-going funding requirements that may increase over time. As on March 31, 2018, our total short term borrowings were ₹ 4,557.58 lakhs. Our indebtedness is secured by charges over immovable and movable properties and other collaterals and receivables. Over the longer term, we expect that the implementation of our strategy and business plans will require us to rely in part on external financing sources.

However, our ability to continue to obtain external financing on commercially reasonable terms will depend on a number of factors, many of which are outside of our control, including our business, results of operations and financial condition, India's economic condition, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and Government policies on lending. We avail working capital facilities with various banks; however such facilities may not be sufficient to meet our growth strategy. If we are not able to obtain sufficient external funds on commercially acceptable terms to implement our strategies and business plans as currently contemplated, we could be required to revise our strategies and business plans, which could adversely affect our business prospects. For more detailed information about our Financial Indebtedness, see "Financial Indebtedness" on page no. 161 of this Draft Prospectus.

**31. *We are subject to certain restrictive covenants in our financing arrangements which may limit our operational and financial flexibility.***

Some of our financing agreements and debt arrangements set limits on or require us to obtain consents from lenders before undertaking certain projects, issuing new securities, changing our business, merger, consolidation, selling significant assets or making certain acquisitions or investments. These restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement.

Further, certain of our financing arrangements include financial covenants. We cannot assure that these covenants will not hinder our business growth in the future. In the event that we breach any of these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. Any default under these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company's financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. Such restrictive covenants may restrict our flexibility in managing our business or projects and could in turn adversely affect our business and prospects.

We believe that our relationships with our lenders are good, and we have in the past to the extent feasible obtained consents from them to undertake various actions and have informed them of our corporate activities from time to time. Compliance with the various terms of such financing arrangements, however, is subject to interpretation and there can be no assurance that we have requested or received all relevant consents from our lenders as contemplated under our financing arrangements. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and may also trigger cross default provisions under certain of our other financing agreements,



and may materially and adversely affect our ability to conduct our business and operations or implement our business plans.

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

Our success heavily depends upon the continued services of our Promoters, along with support of our Key Managerial Personnel (KMPs). Our Promoters, Mr. Mangesh Chauhan, Mr. Darshan Chauhan and Mr. Mahendra Chauhan have been engaged in the jewellery business for over a decade and have a proven background and rich experience in the field. Over the years our Promoters have increased and expanded our Company's scale of operations manifold. For further details of our Promoter's experience and background, please refer the chapters titled "*Our Promoter and Promoter Group*" and "*Our Management*" on page nos. 124 and 111 of this Draft Prospectus. The loss of service of the Promoters could seriously impair the ability to continue to manage and expand the business efficiently. Further, majority of our loans are availed with our Promoters being personal guarantors and in the absence of the same, we cannot guarantee that we will be able to raise sufficient amounts from banks for our future expansion and working capital requirement.

We depend significantly on our Key Managerial Persons for executing our day to day activities. The loss of any of our KMPs may result in disturbances in our day to day activities. Our KMPs have over the years proved their loyalty, ability and dedication and in case they do not continue their services with us, we cannot guarantee that we will be able to recruit suitable or comparable replacements at reasonable costs or at all.. Our inability to retain, recruit and train our KMPs in the future could have an adverse effect on our operations. For further details of our Directors and Key Managerial Personnel, please refer to Section "*Our Management*" on page no. 111 of this Draft Prospectus.

**33. *We rely on our information technology systems in managing our supply chain, manufacturing process, logistics and other integral parts of our business.***

We rely on centralized, standardized information technology systems and networks to support our business processes, as well as internal and external communications including our data management and application systems. The reliability of our network infrastructure is critical to our business. These information technology systems and networks are potentially vulnerable to damage due to the poor performance or failure of third-party service providers, catastrophic events, power outages, security breaches, network outages, malwares, failed upgrades or other similar events. Any failure in our information technology systems could result in unanticipated business interruptions, including disruption in our supply management, the loss of buyers and damaged reputation. The realization of any risks related to our IT system and network disruptions could have a material adverse effect on our business, financial condition and results of operations.

**34. *Delays or defaults in customer payments could result in reduction of our profits.***

We are exposed to payment delays and/or defaults by our customers and our financial position and financial performance are dependent on the creditworthiness of our customers. Sometimes we commit resources prior to receiving advances and any delays in customer payments may require us to make a working capital investment and may also delay honouring of our payment obligations to our suppliers and vendors. Further, we maintain a policy of paying our creditors almost immediately in order to maintain a cordial relation with them which ensures a smooth supply of raw materials. Hence, any default in payment or delay in payment by our customers will put a considerable strain on our cash flows. If a customer defaults or delays in making payments where we have devoted significant resources, cancels or does not proceed to completion, then it could have an adverse effect on our business, results of operations and financial condition.

**35. *In addition to normal remuneration, other benefits and reimbursement of expenses some of our Directors (including our Promoter) and Key Management Personnel may be interested in our Company to the extent of their shareholding and dividend entitlement in our Company.***

Some of our Directors (including our Promoter) and Key Management Personnel may be 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 or our Key Management Personnel 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 adversely affecting our business and results of operations and prospects.

- 36. *Our Promoters together with our Promoter Group will continue to retain majority shareholding in our Company subsequent to the Issue, which will allow them to exercise significant influence over our Company. We cannot assure you that our Promoters and/or our Promoter Group will always act in our Company's or your best interest.***

The majority of our issued and outstanding Equity Shares are currently beneficially owned by our Promoters and our Promoter Group. Upon completion of the Issue, our Promoters and Promoter Group will own 39,51,940 Equity Shares, or 73.57% of our post-Issue Equity Share capital. Accordingly, our Promoters and Promoter Group will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board, the adoption of amendments to our memorandum and articles of association, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these shareholders. The interests of the Promoters and Promoter Group as our Company's controlling shareholders could conflict with our Company's interests or the interests of its other shareholders. We cannot assure you that the Promoters and Promoter Group will act to resolve any conflicts of interest in our Company's or the shareholders favour.

- 37. *Our Company has during the preceding one year from the date of the Draft Prospectus allotted Equity Shares at a price which is lower than the Issue Price.***

In the last 12 months, we have made allotment of Equity Shares to our Promoters, Directors, KMPs and third parties, at a price which may be lower than the Issue Price, details of which are mentioned below:

Date of Allotment	Name of the Allottees	Number of Shares	Face Value (₹)	Issue Price (₹)	Reasons
March 27, 2018 <sup>(1)</sup>	Mr. Mangesh Chauhan	8,71,500	10	Nil	Bonus Allotment
	Mr. Darshan Chauhan	8,65,500			
	Mr. Mahendra Chauhan	8,65,500			
	Mangesh Chauhan HUF	1,20,207			
	Darshan Chauhan HUF	1,20,207			
	Mahendra Chauhan HUF	1,20,207			
	Mr. Jayesh Sanghvi	834			

For details relating to number of shares issued, date of allotment etc. please refer to section titled “Capital Structure” on page no. 51 of this Draft Prospectus.

- 38. *Change in technology may render our current technologies obsolete or require us to make substantial capital investments.***

Modernization and technology up-gradation is essential to reduce costs and increase the output. Our technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed latest technology and that the chances of a technological innovation are not very high in our sector we shall continue to strive to keep our technology, plant and machinery in line with the latest technological standards. In case of a new found technology in the jewellery manufacturing business, we may be required to implement new technology or upgrade the machineries and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.





**39. *Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.***

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. In the past, we have not made dividend payments to the Shareholders of our Company. The Company may decide to retain all future earnings, if any, for use in the operations and expansion of the business. In such situation, the Company 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 and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot state with any certainty whether we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

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

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

**41. *Our Promoters have extended personal guarantees in connection with certain of our debt facilities. There can be no assurance that such personal guarantees will be continued to be provided by our Promoters in the future or can be called at any time, affecting the financial.***

Our Promoters have provided personal guarantees for our borrowings to secure our loans. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.

**42. *In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects / schedule of implementation of this Issue which would in turn affect our revenues and results of operations.***

The funds that we receive would be utilized for the Objects of the Issue as has been stated in the Chapter "Objects of the Issue" on page no. 60 of the Draft Prospectus. The proposed schedule of implementation of the objects of the Issue is based on our management's estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may have to revise our business, development and working capital plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

**43. *The rate of interest for the loans obtained by us from the banks is variable and any increase in interest rates may adversely affect our results of operations and financial condition.***

Our Company is susceptible to changes in interest rates and the risks arising there from. Our sanction letters provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's





credit risk rating. For further details of interest payable on our borrowings, please refer to the chapter titled “*Financial Indebtedness*” on page no. 161 of this Draft Prospectus. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

## **RISK FACTORS RELATED TO EQUITY SHARES**

***44. Any further issuance of Equity Shares by our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company could dilute the investors’ shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

***45. There is no existing market for our Equity Shares, and we do not know if one will develop. Our stock price may be highly volatile after the Issue and, as a result, you could lose a significant portion or all of your investment.***

There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares. Prior to the Issue, there has not been a public market for the Equity Shares. Further, we cannot predict the extent to which investor interest will lead to the development of an active trading market on the Stock Exchanges or how liquid that market will become. If an active market does not develop, you may experience difficulty selling the Equity Shares that you purchased. The Issue Price is not indicative of prices that will prevail in the open market following the Issue. Consequently, you may not be able to sell your Equity Shares at prices equal to or greater than the Issue Price. The market price of the Equity Shares on the Stock Exchanges may fluctuate after listing as a result of several factors, including the following:

- Volatility in the Indian and other Global Securities Markets;
- The performance of the Indian and Global Economy;
- Risks relating to our business and industry, including those discussed in this Draft Prospectus;
- Strategic actions by us or our competitors;
- Investor perception of the investment opportunity associated with the Equity Shares and our future performance;
- Adverse media reports about us or our shareholders;
- Future sales of the Equity Shares;
- Variations in our quarterly results of operations;
- Differences between our actual financial and operating results and those expected by investors and analysts;
- Our future expansion plans;
- Perceptions about our future performance or the performance of gems and jewellery sector companies generally;
- Performance of our competitors in the gems and jewellery manufacturing industry and the perception in the market about investments in the gems and jewellery sector;
- Significant developments in the regulation of the gems and jewellery industry in our key locations;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India’s economic liberalisation and deregulation policies; and
- Significant developments in India’s fiscal and environmental regulations. There has been significant volatility in the Indian stock markets in the recent past, and our Equity Share Price could fluctuate significantly as a result of market volatility. A decrease in the market price of the Equity Shares could cause you to lose some or all of your investment.

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

The price of the Equity Shares will be subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond a certain level of volatility in the price of the Equity Shares. This circuit



breaker operates independently of the index-based market-wide circuit breakers generally imposed by the SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits upward and downward movements in the price of the Equity Shares. As a result, shareholders' ability to sell the Equity Shares, or the price at which they can sell the Equity Shares, may be adversely affected at a particular point in time.

**47. *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**

**48. *Jewellery purchases are discretionary and are often perceived to be a luxury purchase. Any factor which may bring discretionary spending by consumers under pressure may adversely affect our business, results of operations and financial condition.***

Jewellery purchases are typically high-value, luxury purchases and depend on consumers' discretionary spending power. Various factors affect discretionary consumer spending, including economic conditions, perceptions of such conditions by consumers, economic outlook, employment, the level of consumers' disposable income, the savings ratio, business conditions, inflation levels, interest rates, consumer debt and asset values, availability of credit and levels of taxation, among others.

Gold jewellery is not perceived to be a necessity which may result in a significant fall in demand in the case of adverse economic conditions as opposed to demand for those goods that are perceived as a necessity. Any such fall in demand or a decline in the general economic conditions in India or our international markets or conditions which may bring discretionary spending by consumers under pressure could adversely affect our business, financial condition and results of operations.

**49. *The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.***

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key



managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation.

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavour to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

**50. *Any changes in the regulatory framework could adversely affect our operations and growth prospects.***

Our Company is subject to various regulations and policies. For details see section titled “*Key Industry Regulations and Policies in India*” beginning on page no. 97 of this Draft Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which could have a material adverse effect on our business, financial condition and results of operations.

**51. *Changing regulations and tax regimes in India could lead to new compliance requirements that are uncertain.***

The regulatory environment in which we operate is evolving and is subject to change. The Government of India may implement new laws or other regulations that could affect the jewellery industry, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations.

For example, as of July 1, 2017, a national goods and service tax (“**GST**”) in India replaced taxes levied by central and state governments with a unified tax regime in respect of the supply of goods and services for all of India, which is expected to result in changes to India’s jewellery industry. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. Currently, the GST rate is 3%, but it could be subject to change going forward. Any such changes to the GST rate or rules and regulations surrounding GST and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations. Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. As the taxation system in India will see significant changes as a result of GST, its consequent effects cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and future financial performance.

Further, on March 28, 2018, the MCA notified IND AS 115, Revenue from Contracts with Customers, to be applicable from April 1, 2018.

In addition, on November 8, 2016, the Reserve Bank of India and the Ministry of Finance of the Government of India withdrew the legal tender status of ₹ 500 and ₹ 1,000 currency notes. Despite ₹ 500 and ₹ 2,000 notes being introduced since such demonetisation on November 8, 2016, the effect of these developments among other things



lead to a decrease in liquidity of cash in India during the demonetisation restricted cash withdrawal period, which has in turn negatively affected consumer spending.

**52. *Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse affects on our operations and financial performance.***

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

**53. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

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

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

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

**55. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.***

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

**56. *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.

## PROMINENT NOTES

1. Investors are free to contact the Lead Manager for any clarification, complaint or information pertaining to the Issue. The Lead Manager and our Company shall make all information available to the public and investors at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.
2. The Net Worth of our Company is ₹ 1,348.06 lakhs and the book value of each Equity Share was ₹ 34.11/- as of March 31, 2018 as per our Restated Consolidated Financial Statements. For more information, please refer the Section titled “*Financial Information*” beginning on page no. 131 of this Draft Prospectus.
3. Public Issue of 14,20,000 Equity Shares for cash at price of ₹ [●] per share including a premium of ₹ [●] aggregating to ₹ [●] lakhs. The Issue will constitute 26.43 % of the post-Issue paid-up Equity Share capital of our Company.
4. The average cost of acquisition of Equity Shares by our Promoters is.

Promoter	Average cost ( ₹ )
Mr. Mangesh Chauhan	15.88
Mr. Mahendra Chauhan	15.99
Mr. Darshan Chauhan	15.99

5. Investors are advised to refer to the chapter titled “*Basis for Issue Price*” beginning on page no. 66 of this Draft Prospectus.
6. The details of transactions by our Company with our Group Companies or associate during the last year are disclosed under “*Financial Statements - Annexure XXV - Related Party Transactions*” beginning on page no. 148 of this Draft Prospectus.
7. There are no financing arrangements whereby the 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 the Draft Prospectus.
8. Our Company was initially incorporated in the year 2008 as “*Sky Gold Private Limited*” under the provisions of the Companies Act 1956, with the Registrar of Companies, Mumbai, Maharashtra, bearing Registration Number 181989. Subsequently, the status of our Company was changed to public limited company and the name of our Company was changed to “*Sky Gold Limited*” on June 19, 2018. A fresh Certificate of Incorporation consequent to the change of name was granted to our Company on June 26, 2018, by the Registrar of Companies, Mumbai, Maharashtra, bearing CIN U36911MH2008PLC181989.





## SECTION III – INTRODUCTION

### SUMMARY OF OUR INDUSTRY

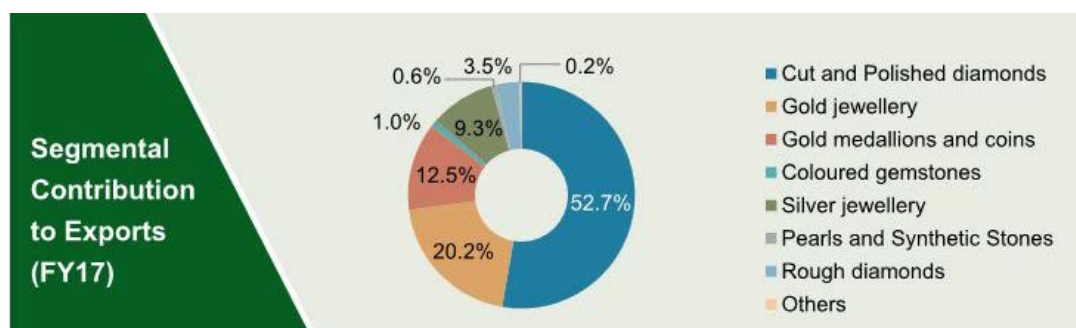
#### INDIAN GEMS AND JEWELLERY INDUSTRY

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 7 per cent of the country's GDP and 15.71 per cent to India's total merchandise exports. It also employs over 4.64 million workers. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

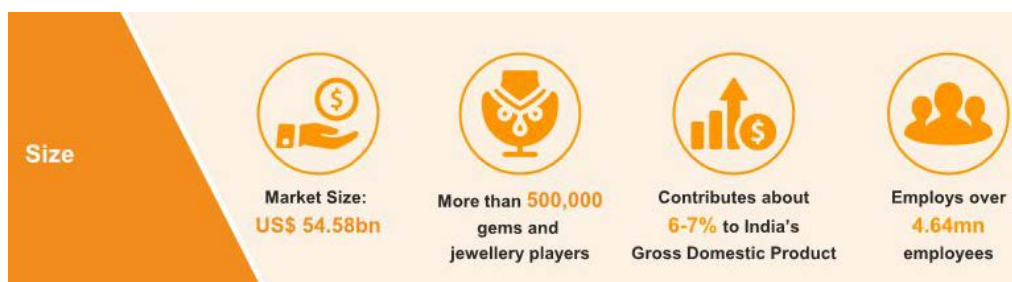
Gems & Jewellery Industry in India can be divided in the following subsectors:

- Gold, Silver & Platinum Jewellery
- Diamonds
- Gemstones
- Pearl



(Source: <https://www.ibef.org/uploads/industry/Infographics/Large/Gems-and-jewellery-infographic-November-2017.jpg>)

The Gems and Jewellery sector plays a significant role for the Indian economy and is home to more than 500,000 gems and jewellery players, contributing around 7 per cent of the country's GDP and 15.71 per cent to India's total merchandise exports and the sector has grown at a CAGR of over 14.8% over the last 50 years. India's gems and jewellery sector is one of the largest in the world contributing 29% to the global jewellery consumption. Its market size is about USD 60 billion as of 2017 which is expected to reach USD 110 billion by 2022. It also employs over 4.64 million workers and is expected to provide employment opportunities to more than 8.2 million workers by 2022. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.







(Source: <https://www.ibef.org/uploads/industry/Infrographics/large/Gems-and-jewellery-infographic-November-2017.jpg>)

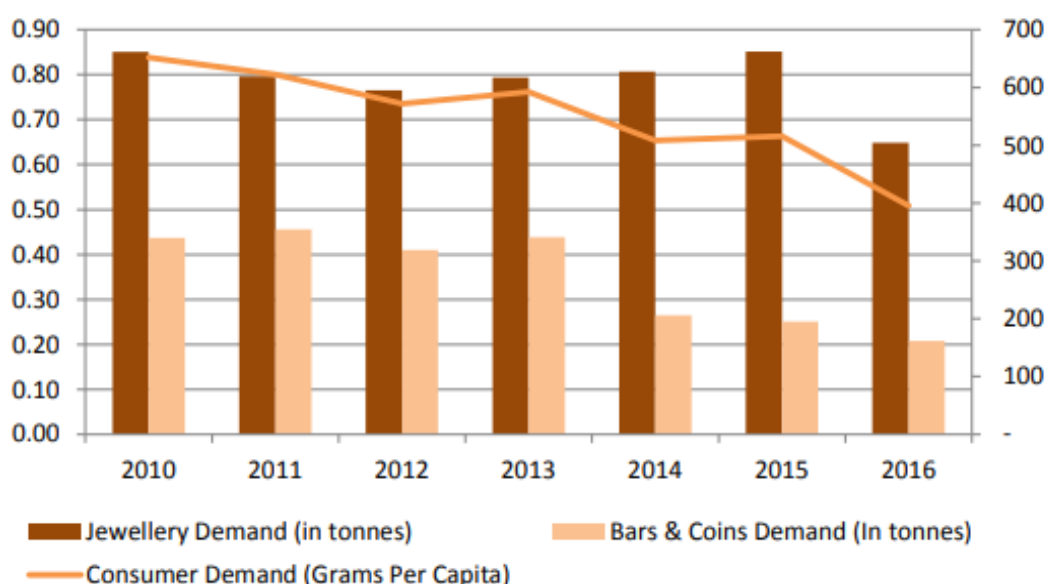
(Source: <https://www.ibef.org/industry/gems-jewellery-india.aspx>)

### Domestic Consumption:

Domestic consumer demand for gold saw a decline of ~22% in 2016 to ~666 tonnes as against ~857 tonnes in 2015. The gold jewellery demand was at ~505 tonnes and demand for bars and coins was at ~162 tonnes in 2016. The drop in demand was more pronounced in case of gold jewellery, wherein there was a ~24% drop reported in 2016 over 2015. The bars and coins demand dropped by ~17% in 2016 over the previous year. The drop in demand can be mainly attributed to jewelers strike in the early part of the year on account of 1% excise duty which was levied on jewellery manufacturing and PAN card requirement for gold purchases above ₹ 2 Lakh. Further, the rural community was the hardest hit by cash crunch on account of demonetization which led to decline in gold demand in last quarter of 2016. There was also some shift towards sovereign gold bonds scheme, which was introduced in November 2015. The first quarter of 2017, however saw some revival with a 15% growth y-o-y primarily driven by jewellery demand. Factors such as monsoon, growth in rural income, gold and diamond prices and implementation of GST (with levy of 3% on precious metals and precious jewellery) would determine the domestic demand in 2017. Going forward, favourable demographics and improved consumer sentiment coupled with increased in availability of gold and expansion of retail network by organized players would lead to 5% - 6% growth in the gold jewellery demand in volume terms over the medium term to long term. However, it would be interesting to note that the per capita consumption of gold (in terms of grams per capita) has been reducing continuously overtime with increase in gold prices and with shift in preference of the current generation towards other avenues of investments as against gold.

(Source: [http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20\\_%20Insights%20%20and%20Prospects.pdf](http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20_%20Insights%20%20and%20Prospects.pdf))

### Trend in Consumer Demand for Gold in India vis-a-vis Jewellery Demand



Source: World Gold Council

(Source: [http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20\\_%20Insights%20%20and%20Prospects.pdf](http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20_%20Insights%20%20and%20Prospects.pdf))

### INTRODUCTION OF GOLD

The modern gold market is a picture of diversity and growth. Since the early 1970s, the volume of gold produced each year has tripled, the amount of gold bought annually has quadrupled and gold markets have flourished across the globe.



Gold is now bought by a far more diverse set of consumers and investors than at any previous time in history. The demand for gold and jewellery can be in the following sectors:

- **Jewellery demand**

Gold jewellery represents the largest source of annual demand for gold per sector. This has declined over recent decades, but it still accounts for around 50% of total demand. India and China are by far the largest markets, in volume terms, together accounting for over 50% of current global gold demand. Gold has emotional, cultural and financial value and different people across the globe buy gold for different reasons, often influenced by a range of national socio-cultural factors, local market conditions and wider macro-economic drivers.

- **Investment demand**

Gold has unique properties as an asset class. Modest allocations to gold can be proven to protect and enhance the performance of an investment portfolio. Even so, globally, gold still only makes up less than one per cent of investment portfolios. However, this is changing and investors of all sorts are coming to accept gold as a reliable, tangible long-term store of value that has moved independently of other assets. The annual volume of gold bought by investors has increased by at least 235% over the last three decades.

- **Central bank demand**

The past decade has seen a fundamental shift in central banks' behavior with respect to gold, prompted by reappraisal of its role and relevance after the 2008 financial crisis. Emerging market central banks have increased their official gold purchasing, while European banks have ceased selling, and the sector now represents a significant source of annual demand for gold. Central Banks sold 7,853 tonnes of gold between 1987 and 2009; between 2010 and 2016 they bought 3,297 tonnes.



(Source: <https://www.gold.org/about-gold/gold-demand/sectors-demand>)

## ROAD AHEAD AND OUTLOOK OF THE INDUSTRY

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Online sales are expected to account for 1-2 per cent of the fine jewellery segment by 2021-22. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and likely stabilization of gold prices at lower levels is expected to drive volume growth for jewelers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

- Retail jewellery segment in the country is expected to see double digit growth rates in revenue in FY18 on back of regulatory headwinds fading out and continued favorable demographics. Margins of retail players are expected to see improvement over medium term with availability of gold metal loans and increase in share of higher margins diamond and precious stone studded jewellery.
- Branding would continue to gain significance. Share of national and regional organized jewellery retailers is expected to grow.
- Retailers are also expected to see some benefit from the revival of the gold savings scheme and increase in limit of the amount collectible under the scheme to 35% of net worth.



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- Overall domestic gems & jewellery demand would see a growth of 6% - 7% in volume terms over a medium term.
  - Globally gems & jewellery would see mix consumption pattern with more people moving up in some parts of the world to higher carat and higher value pieces on one hand; and price war at the lower end of the market.

(Source: <https://www.ibef.org/industry/gems-jewellery-india.aspx> and <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)



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## SUMMARY OF OUR BUSINESS

Our Company, Sky Gold Limited, is engaged in the business of designing, manufacturing and marketing of Gold jewellery since its incorporation. We mainly deal in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We have the ability to create localised product design mixes to suit various regional tastes. We cater to our customers' unique preferences, through our understanding of the local and regional market. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

Currently, we cater to a large number of wholesalers, showrooms and retailers who buy our products in bulk quantities. Due to our diversity of clients and the varied regions each of our clients cater to, we have developed an ability to design our jewellery products as per latest trends, fashion and demographic preference of the end customers. We offer a wide range of products from gold jewellery for special occasions such as weddings and festivals to daily wear jewellery for all ages, genders and across various price points. We cater to a variety of customers across mid-market and value market segments and our products are designed by our in-house team of creative designers and also certain freelance designers, allowing us to manage a large and diverse portfolio of designs. Our product range includes necklaces, rings, pendants, bracelets, earrings and bangles and customized jewellery based on customer demand. Besides, various clients in Mumbai and nearby areas, we also cater to various jewellery brands. We have incorporated the latest technology for our manufacturing facility which reduces our turnover time from order receipt to delivery to just 72 hours.

We have a dedicated and talented design team, focused on developing new products and designs that meet customers' requirements. We also customise jewellery for individual needs. Our in-house designers and freelance designers are skilled in 'Computer Aided Design' (CAD) who develop our designs for the purpose of manufacturing. Our designers focus on developing new products and designs that meet customers' needs as per their specifications. Our designers are up-to-date with the latest trends and fashion in the market and constantly provide designs for new ornaments regularly.

We have implemented quality control practices across the value chain to ensure that we sell gold jewellery upto 22 karats in line with the quality and purity metrics as prescribed by our customers. Various quality control practices are followed during manufacturing of our jewellery. Our QC / QA team comprises of 4 dedicated personnel who are responsible for the every minute detail of the product, including its design, polish, size and purity.

We operate from a 2,740 sq. ft. sole manufacturing facility which is located in the heart of Mumbai city in Mulund (West) where we make casting based jewellery using rubber dye, wax moulds and machines. We have our central sales offices at Mumbai which looks after the overall marketing of our products. Besides, we have also set-up sales offices in Kerala and Telangana to offer better concentration and service in Southern regions of India. We have also recently begun export operations which are handled by our Mumbai sales office.

## OUR STRENGTHS

### *Wide product range*

Our Company is in the business of manufacturing casting based 22 Karat gold jewellery studded with American diamonds and coloured stones. The Company's product portfolio includes Finger Rings, Earrings, Pendants, Fancy Pendant sets, Double Hook Pendants, Bracelets, Necklaces, and Bangles etc. The Company specializes in casting based 22 Karat gold jewellery studded with American Diamonds and coloured stones. These studded jewellery are extremely popular as the American Diamonds and coloured stones are much cheaper than solitaire and precious / semi-precious gems.

Our products are suitable for all age groups and our product portfolio, which is designed by our in-house designers and certain inputs from freelance designers, allows us to manage a large and diverse portfolio of designs, including traditional, contemporary and fusion designs across jewellery lines, usages and price points.

### *Experienced management and well trained and trustworthy employee base*

Our Promoters, Mr. Mangesh Chauhan, Mr. Darshan Chauhan and Mr. Mahendra Chauhan have been engaged in the jewellery business for over a decade and have a proven background and rich experience in the field. Over the years our Promoters have increased and expanded our Company's scale of operations manifold. For further details of our Promoter's experience and background, please refer the chapter titled "Our Promoter and Promoter Group" and "Our Management" on page nos. 124 and 111 of this Draft Prospectus respectively.



Further, our Company is managed by a team of experienced, well trained and trustworthy personnel. The team comprises of personnel who have technical, operational and business development experience. We believe that our management team's experience and their understanding of jewellery business will enable us to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent in our business, including significant competition, reliance on independent agents, and fluctuations in gold jewellery and bullion prices.

### ***Strong understanding of customer preference***

We believe that we can appeal to our customers through our understanding of market preferences, and experience. We offer jewellery designs based on the general trends and specific customer requirements. We believe that our understanding of preferences and tastes coupled with variety of designs and jewellery offered by us, provides us with a competitive advantage in the markets in which we currently operate. Through our strategy of catering to different preferences, we believe that we are able to effectively compete with both unorganised and organised jewelers by establishing customer rapport at a local level.

### ***Established marketing setup***

Over the years we have established a strong customer base and an unyielding marketing setup. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our Sales & Marketing team is headed by Mr. Vinesh Mehta who operates under direct supervision of our Directors, Mr. Darshan Chauhan and Mr. Mangesh Chauhan. Through their vast experience and excellent rapport with clients, Mr. Darshan Chauhan and Mr. Mangesh Chauhan play an instrumental role in creating, maintaining and expanding the customer base for our Company. Our reputation of timely delivery and quality of 22 karat jewellery has helped us retain our clients and is instrumental in expanding our base towards new clients. We have developed and are continuously developing a marketing network across various states in India. We have also recently started exporting our products to gulf region and will be developing further business relationships. .

We have an efficient sales & marketing team which consists of well experienced and professional people to develop, maintain and increase relations with our customers. Our marketing team also plays an important role in the development of new designs based on their study and feedback on latest fashion trends. We retain our existing customers by providing them quality, timely delivery, maintaining design confidentiality and also suggesting them value added propositions.

### ***Fully integrated manufacturing facility***

We carry on all our core jewellery manufacturing activities in-house and there is no substantial dependence on job-work or external manufacturing, except a small process of CAM which provides us with a Master sample of our jewellery design. Our manufacturing facility is mainly headed by our Director Mr. Mahendra Chauhan and is a fully integrated and self-sufficient facility. The basic raw materials such as gold bullion, alloy and consumables are readily available in Mumbai and nearby areas. Further, all other utilities like water, fuel, power and human resources have posed no hurdle till date. All the equipments required for manufacturing the products are in place.

We have one manufacturing facility located at Unit No. 1-01, 1-02 and 1-03, Raja Industrial Estate, Raja Industrial Premises Co-Operative Society Ltd., P K Road, Mulund (West), Mumbai where we make casting based jewellery using rubber dye, wax moulds and machines. We are engaged in the complete value chain of the manufacturing process from designing of jewellery from hand drawing to CAD to manufacturing to selling of finished products.

### ***Strategic location of manufacturing facility and sales offices***

Our Company's manufacturing facility is located in Mulund, Maharashtra. Our sales offices are located in Mumbai, Kerala and Telangana.

Our manufacturing facility and sales offices are strategically located as below:

- Our Registered Office cum manufacturing facility is located in Mulund (West), Mumbai and has easy and secure access via road for transporting our raw material and finished products.





- Our Corporate Office cum Sales Office is located near Zaveri Bazar, i.e. the heart of the jewellery hub in Mumbai.
- For better concentration and service in the South India region we have started sales offices in the states of Telangana and Kerala.
- Skilled and semi-skilled workers are easily available in Thane, Maharashtra in view of the large number of existing and upcoming manufacturing industries / sectors in these areas.

**For risks related to our business, our Company and our industry, see “Risk Factors” on page no. 10 of this Draft Prospectus.**

## **OUR STRATEGIES**

Our strategic objective is to improve and consolidate our position as a B2B jewellery manufacturer and also to step-up our exports. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.

### ***Augment our fund based capacities in order to scale up business operation***

Our business operations are working capital intensive. In order to effectively expand our Business arenas and also diversify our operations in various geographical locations, along with the existing facilities we need to have access to a larger amount of liquid funds and sufficient working capital. Our raw materials purchase mainly includes gold bullion which require immediate payment to our suppliers, firstly to avoid fluctuation in gold prices and secondly to maintain relationship with our suppliers for smooth inflow of such raw materials. However, our customers include small and large wholesalers and retailers, to whom we need to give a certain credit period, thus affecting our working capital requirement.

We expect to increase our volumes, revenues and scale of operations and we will require substantial working capital for the same. It is hence our strategy to raise funds from this issue and augment our fund based working capital capabilities. We believe that companies with high liquidity on their balance sheet would be able to better exploit market opportunities in short term as well as longer duration services in our business. Our Company may also explore possibilities for utilising the available capital to increase physical presence by setting-up sales offices in various regions in India in the future. For further details regarding the working capital being raised through this Issue, please refer to section “Objects of the Issue” on page no. 60 of the Draft Prospectus.

### ***Improving Debt – Equity Ratio***

Our Company has obtained unsecured loans from Directors from time to time. These loans were utilised for working capital requirement and are repayable on demand. We intend to repay these loans to improve our debt equity ratio and also this will help our company to obtain vehicle loans, term loans for expansion which will improve our operational efficiency.

Further, repayment of unsecured loans will reduce burden of repayment of loans repayable on demand and enhance our Financial Stability and reduce long term liabilities.

### ***Expand our Geographical Reach***

Our business model is B2B based. Our products are mainly sold to mid range jewellers and boutique stores who sell these products through online platform and retail stores. We have recently started exporting our products to Gulf Countries like UAE and Oman. We seek to leverage our design skills and inputs from our designers to provide us with new designs which are in line with the current trends and fashion and thus gain a foothold in the export market. We already have an existing and excellent client base in the domestic market especially in Western and Southern India. We seek to expand our domestic foothold in the Northern markets as well. We have excellent relationship with our existing customers; for marketing and we would work to strengthen our relationship further with these companies so as to extend the reach of our jewellery.



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### ***Adding new designs to our portfolio***

Our marketing personnel regularly participate in exhibitions and trade fairs where they come across various new designs. These designs are forwarded to our in-house designers who improve upon it according to latest trends and requirements. Our in-house designers and our freelance designers also come up with their own designs and ideas which are showcased to our regular customers. The customers in the jewellery world are discerning, knowledgeable and demanding. We bring innovative ideas and designs to our customers on a regular basis. Our Company intends to continue to add new designs to our jewellery portfolio by regularly participating in exhibitions and trade fairs.

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

Our Company intends to focus on adhering to the highest quality standards of the jewellery. Quality and purity of the jewellery is very important for the company from the customer point of view. Continuous quality assurance review and timely corrective measures in case of diversion and technology upgradation are keys for maintaining quality standards of the jewellery. Providing the desired quality and purity in our jewellery helps us in enhancing our brand value and maintaining long term relationships with customers.

### ***Leveraging our Market skills and Relationships***

This is a continuous process in our organization and the skills that we impart in our people give importance to our customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing buyers.

### ***Increasing Operational efficiency***

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, QA/QC activities, customer service, consistent quality and technology development. Alignment of our people to 'process improvement' through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is wide spread among all the employees.

Managerial expertise, trained workforce and modernization of the manufacturing units results in consistent high level of productivity. We have established modern production facilities at each of our plant and we are continuously on the look- out for new / updated technologies. Our investments in value adding equipments / attachments to our machines has resulted in twin benefits of consistent high quality and improved productivity, ensure enhanced operational efficiency.



## SUMMARY OF FINANCIAL INFORMATION

### Annexure I STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
a) Share Capital	395.19	98.80	98.80	86.75	86.75
b) Reserves & Surplus	952.87	986.62	892.69	702.27	628.29
<b>Total Shareholders Fund</b>	<b>1,348.06</b>	<b>1,085.42</b>	<b>991.49</b>	<b>789.02</b>	<b>715.04</b>
<b>Non-Current liabilities</b>					
a) Long Term Borrowings	-	525.00	295.00	295.00	295.00
b) Deferred Tax Liabilities	-	-	-	0.50	2.71
c) Long Term Provisions	18.33	9.67	9.82	9.86	6.37
<b>Total</b>	<b>643.33</b>	<b>534.67</b>	<b>304.82</b>	<b>305.36</b>	<b>304.08</b>
<b>Current liabilities</b>					
a) Short Term Borrowings	5,182.58	2,023.32	2,114.30	1,786.49	1,597.34
b) Trade Payables	2.74	15.72	21.50	8.10	11.58
c) Other Current Liabilities	2.80	-	-	-	-
d) Short Term Provisions	69.69	37.04	54.19	26.58	20.53
<b>Total</b>	<b>4,632.81</b>	<b>2,076.09</b>	<b>2,189.99</b>	<b>1,821.17</b>	<b>1,629.46</b>
<b>T O T A L</b>	<b>6,624.20</b>	<b>3,696.17</b>	<b>3,486.30</b>	<b>2,915.56</b>	<b>2,648.57</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
a) Fixed Assets					
i) Tangible Assets	438.48	227.30	180.40	110.49	95.19
ii) Intangible Assets	-	-	-	-	-
Gross Block	438.48	227.30	180.40	110.49	95.19
Less: Accumulated Depreciation	139.45	105.61	75.97	54.02	34.96
<b>Net Block</b>	<b>299.03</b>	<b>121.69</b>	<b>104.43</b>	<b>56.47</b>	<b>60.23</b>
iii) Capital Work in Progress	-	-	-	-	-
b) Non-Current Investment	102.35	159.94	-	-	-
c) Long term Loans & Advances	-	-	-	-	-
d) Other Non-Current Assets	-	-	-	-	-
e) Deferred Tax Assets	8.63	5.19	1.91	-	-
<b>Total</b>	<b>410.01</b>	<b>286.82</b>	<b>106.35</b>	<b>56.47</b>	<b>60.23</b>
<b>Current Assets</b>					
a) Inventories	2,485.88	1,895.86	87.57	1,353.39	448.24
b) Trade Receivables	2,954.97	1,449.81	3,261.63	1,462.27	2,087.34
c) Cash and Cash Equivalents	532.98	15.11	1.37	19.01	37.47
d) Short Term Loans & Advances	1.63	0.94	1.00	-00	-00
e) Other Current Assets	238.72	47.63	28.38	24.43	15.30
<b>Total</b>	<b>6,214.19</b>	<b>3,409.35</b>	<b>3,379.95</b>	<b>2,859.09</b>	<b>2,588.35</b>
<b>T O T A L</b>	<b>6,624.20</b>	<b>3,696.17</b>	<b>3,486.30</b>	<b>2,915.56</b>	<b>2,648.57</b>



**Annexure II**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>INCOME:</b>					
Revenue from Operations	54,886.27	16,441.05	18,331.31	12,777.45	9,624.74
Other Income	3.26	-	-	-	-
<b>Total Income</b>	<b>54,889.53</b>	<b>16,441.05</b>	<b>18,331.31</b>	<b>12,777.45</b>	<b>9,624.74</b>
<b>EXPENSES:</b>					
Cost of Material Consumed	54358.39	17469.67	16,341.73	13,101.57	9,172.13
Change in Inventory	(590.02)	(1,808.29)	1,265.83	(905.15)	(29.49)
Purchase of Stock-In-Trade	-	97.69	23.33	-	-
Employee benefits expenses	111.88	103.99	112.12	96.32	71.80
Finance costs	342.10	285.03	297.69	294.54	255.24
Depreciation and amortization expense	33.83	29.64	21.95	10.81	9.93
Administrative and other expenses	239.56	119.85	124.53	55.46	50.45
<b>Total expenses</b>	<b>54,495.75</b>	<b>16,297.58</b>	<b>18,187.19</b>	<b>12,653.54</b>	<b>9,530.05</b>
<b>Profit before Prior period item, exceptional item, extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Prior period items	-	-	-	-	-
<b>Profit before exceptional item, extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Exceptional items	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Extraordinary items	-	-	-	-	-
<b>Net Profit /(Loss) before tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Less: Tax expense					
Current tax	134.58	52.82	52.52	43.88	32.55
MAT credit	-	-	-	-	-
Deferred tax	(3.44)	(3.28)	(2.42)	(2.20)	(1.46)
Short Provision for earlier years					
Taxation adjustments for earlier years					
<b>Total Tax Expense</b>	<b>131.14</b>	<b>49.54</b>	<b>50.10</b>	<b>41.67</b>	<b>31.09</b>
<b>Net Profit /(Loss) after tax</b>	<b>262.64</b>	<b>93.93</b>	<b>94.03</b>	<b>82.24</b>	<b>63.59</b>



**Annexure III**  
**CASH FLOW STATEMENT, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b><u>Cash flow from operating activities:</u></b>					
Net Profit Before Tax	393.78	143.47	144.12	123.91	94.68
Adjusted for:	-	-	-	-	-
Preliminary Expenses w/off	-	-	-	-	0.10
Profit/Loss on Sale of Fixed Asset	-	-	-	-	-
Depreciation & Amortisation	33.83	29.64	21.95	10.81	9.93
Interest & Financial Charges	311.49	242.84	257.63	288.93	254.99
Tax adjustment of earlier years	-	-	-	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>739.10</b>	<b>415.95</b>	<b>423.71</b>	<b>423.65</b>	<b>359.70</b>
Adjusted for (Increase)/ Decrease in:					
Trade Receivables	(1,505.16)	1,811.83	(1,799.37)	625.08	5.16
Inventories	(590.02)	(1,808.29)	1,265.83	(905.15)	(29.49)
Short Term Loans and Advances	(0.69)	0.06	(1.00)	-	-
Other Current Assets	(191.09)	(19.25)	(3.95)	(9.13)	(0.16)
Trade Payables	(12.98)	(5.78)	13.40	(3.48)	(73.87)
Short Term Provisions	32.65	(17.15)	27.61	6.05	(16.78)
Other Current Liabilities	2.80	-	-	-	(4.00)
Long Term Provisions	8.66	(0.15)	(0.04)	3.49	1.55
<b>Cash Generated From Operations Before Extra-Ordinary Items</b>	<b>(1,516.73)</b>	<b>377.21</b>	<b>(73.82)</b>	<b>140.50</b>	<b>242.11</b>
Direct Tax Paid	134.58	52.82	52.52	43.88	32.55
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>(1,651.31)</b>	<b>324.39</b>	<b>(126.34)</b>	<b>96.62</b>	<b>209.56</b>
<b><u>Cash Flow From Investing Activities:</u></b>	-				
Net Additions of Fixed Assets	(211.18)	(46.90)	(69.92)	(15.30)	(17.46)
Changes in Capital WIP	-	-	-	-	-
Increase / (Decrease) in Non-Current Investment	57.59	(159.94)	-	-	-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(153.59)</b>	<b>(206.84)</b>	<b>(69.92)</b>	<b>(15.30)</b>	<b>(17.46)</b>
<b><u>Cash Flow from Financing Activities:</u></b>	-				
Issue of Share Capital	-	-	108.44	-	135.00
Increase / (Decrease) in Long Term Borrowing	100.00	230.00	-	-	-
Increase / (Decrease) in Short Term Borrowing	2,534.25	(90.98)	327.81	189.14	(45.33)
Interest & Financial Charges	(311.49)	(242.84)	(257.63)	(288.93)	(254.99)
Investment in Fixed Deposit (Margin money)	(59.58)	-	-	-	-
Earmarked balance Against Gold Loan	(430.52)	-	-	-	-
<b>Net Cash Flow from/(used in)</b>	<b>1,832.67</b>	<b>(103.82)</b>	<b>178.61</b>	<b>(99.79)</b>	<b>(165.31)</b>





Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Financing Activities ( C )</b>					
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>27.77</b>	<b>13.74</b>	<b>(17.64)</b>	<b>(18.46)</b>	<b>26.78</b>
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>	<b>10.69</b>
<b>Cash &amp; Cash Equivalents As At End of the Year</b>	<b>42.89</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>
<u>Cash &amp; Cash Equivalents comprises of :</u>					
Cash in Hand	42.50	14.07	1.32	19.01	37.47
Bank Balance	<b>0.39</b>	<b>1.04</b>	<b>0.05</b>	-	-
Closing Balance of Cash & Cash Equivalents	<b>42.89</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>

Reconciliation of Cash & Cash Equivalents–

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Cash &amp; Cash Equivalents as per Cash flow statement</b>	42.89	15.11	1.37	19.01	37.47
Add: Earmarked bank balances / accounts held as margin money	490.10	-	-	-	-
<b>Cash &amp; Cash Equivalents as per Statement of Assets &amp; Liabilities</b>	<b>532.98</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>

Note: The cash flow statement has been prepared on the basis of restated statement of profit & loss and balance sheet.



## THE ISSUE

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

<b>Equity Shares Offered<sup>(1)</sup>:</b> Present Issue of Equity Shares by our Company <sup>(2)</sup> :	14,20,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per share aggregating ₹ [●] lakhs.
<b>Which Comprises:</b>	
<b>Issue Reserved for the Market Maker</b>	72,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per share aggregating ₹ [●] lakhs
<b>Net Issue to the Public</b>	13,48,000 Equity Shares of ₹ 10 each for cash at a price of ₹ [●] per share aggregating ₹ [●] lakhs
	<b>Of which<sup>(3)</sup>:</b>
	6,74,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs
	6,74,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs
<b>Equity Shares outstanding prior to the Issue</b>	39,51,940 Equity Shares
<b>Equity Shares outstanding after the Issue</b>	53,71,940 Equity Shares
<b>Objects of the Issue</b>	Please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page no. 60 of this Draft Prospectus

<sup>(1)</sup> This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. For further details, please see the section titled “Issue Related Information” beginning on page no. 180 of this Draft Prospectus.

<sup>(2)</sup> The present Issue has been authorized pursuant to a resolution of our Board dated June 27, 2018 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 with a shorter notice on July 09, 2018.

<sup>(3)</sup> 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 and the Selling Shareholders 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.

For further details please refer to the chapter titled “Issue Structure” beginning on page no. 185 of this Draft Prospectus.



## GENERAL INFORMATION

Our Company was incorporated as Sky Gold Private Limited on May 07, 2008 under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 181989. The status of our Company was changed to a public limited company and the name of our Company was changed to Sky Gold Limited by a special resolution passed on June 19, 2018. A fresh Certificate of Incorporation consequent upon conversion was issued on June 26, 2018 by the Registrar of Companies, Mumbai. The Company's Corporate Identity Number is U36911MH2008PLC181989.

For further details, please refer to the chapter titled "*History and Certain Corporate Matters*" beginning on page no. 107 of this Draft Prospectus.

## BRIEF COMPANY AND ISSUE INFORMATION

<b>Registered Office</b>	Gala no. 101, 102, 103, 1 <sup>st</sup> Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080 <b>Tel No:</b> +91 – 22 – 2593 9399 / 2592 9299 <b>Email:</b> info@skygold.in <b>Website:</b> <a href="http://www.skygold.in">www.skygold.in</a>
<b>Corporate Office</b>	No. 12A, 13 and 14, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002. TeleFax No.: +91 – 22 – 2241 3636
<b>Date of Incorporation</b>	May 07, 2008
<b>Company Registration No.</b>	181989
<b>Company Identification No.</b>	U36911MH2008PLC181989
<b>Address of Registrar of Companies</b>	Registrar of Companies, Mumbai 100, Everest, Marine Drive Mumbai - 400002 <b>Tel No.:</b> +91 22 2281 2627 / 2202 0295 / 2284 6954 <b>Fax No.:</b> +91 22 2281 1977
<b>Issue Programme</b>	Issue Opens on: [●] Issue Closes on: [●]
<b>Designated Stock Exchange</b>	SME Platform of BSE Limited
<b>Company Secretary &amp; Compliance Officer</b>	Ms. Disha Shenoy No. 12A, 13 and 14, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002. TeleFax No.: +91 – 22 – 2241 3636 <b>Email:</b> <a href="mailto:cs@skygold.in">cs@skygold.in</a>

## BOARD OF DIRECTORS OF OUR COMPANY

The following table sets forth the Board of Directors of our Company:

<b>Name</b>	<b>Designation</b>	<b>Address</b>	<b>Director's Identification No.</b>
Mr. Mangesh Chauhan	Managing Director & Chief Financial Officer	Flat No-2301/ 2302, A Wing Sarvodaya Height, Sarvodaya Nagar, Jain Mandir Road, Mulund (W), Mumbai – 400 080	02138048
Mr. Mahendra Chauhan	Whole Time Director	Flat No. 3, Dev Ashish Chs Ltd Ground Floor, Ganesh Gavde Road, Mulund (W) Mumbai – 400 080	02138084
Mr. Darshan Chauhan	Whole Time Director	Flat No-2301/ 2302, A Wing Sarvodaya Height, Sarvodaya Nagar, Jain Mandir Road, Mulund (W), Mumbai – 400 080	02138075
Mr. Dilip Gosar	Independent & Non – Executive Director	1504, Neelkanth Heights, B. P. Cross Road, Mulund (W), Mumbai – 400 080	07514842
Ms. Maitri Patel	Independent & Non – Executive Director	B-10, Anand Sindhu Chs Cama Cross Lane, Ghatkopar (W), Mumbai – 400 086	08184616
Mr. Loukik Tipnis	Independent & Non – Executive Director	Flat No. 706, 7 <sup>th</sup> Floor, harimangal Manor, Telang Road, Matunga (W), Mumbai – 400 019	08188583



For further details pertaining to the educational qualification and experience of our Directors, please refer to the chapter titled “Our Management” beginning on page no. 111 of this Draft Prospectus.

*Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account and unblocking of funds. All grievances relating to the application process may be addressed to the Registrar to the Issue with a copy to the SCSBs, giving full details such as name, address of Applicant, application number, number of Equity Shares applied for, amount blocked on application and designated branch or the collection centre of the SCSB where the Application Form was submitted by the Applicants.*

## DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY

### LEAD MANAGER TO THE ISSUE



#### **ARYAMAN FINANCIAL SERVICES LIMITED**

60, Khatau Building, Gr. Floor  
Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.)  
Fort, Mumbai - 400 001  
**Tel. No.:** +91 – 22 – 6216 6999  
**Fax No.:** +91 – 22 – 2263 0434  
**Website:** [www.afsl.co.in](http://www.afsl.co.in)  
**Email:** [ipo@afsl.co.in](mailto:ipo@afsl.co.in)  
**Investor Grievance Email:** [feedback@afsl.co.in](mailto:feedback@afsl.co.in)  
**Contact Person:** Mr. Pranav Nagar  
**SEBI Registration No.:** INM000011344

### REGISTRAR TO THE ISSUE



#### **LINK INTIME INDIA PRIVATE LIMITED**

C-101, 1st Floor, 247 Park,  
Lal Bahadur Shastri Marg, Vikhroli (West),  
Mumbai 400 083  
**Tel:** +91 – 22 – 4918 6200  
**Fax:** +91 – 22 – 4918 6195  
**Email:** [skygold.ipo@linkintime.co.in](mailto:skygold.ipo@linkintime.co.in)  
**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)  
**Investor Grievance Email:** [skygold.ipo@linkintime.co.in](mailto:skygold.ipo@linkintime.co.in)  
**Contact Person:** Ms. Shanti Gopalkrishnan  
**SEBI Registration No.:** INR000004058

### LEGAL COUNSEL TO THE ISSUE

#### **JPS Legal**

504, Gold Crest Business Centre,  
Above Westside, L.T. Road,  
Borivali (West), Mumbai- 400092,  
Maharashtra, India.  
**Tel:** +91 – 22 – 2893 7321  
**Fax:** +91 – 22 – 2893 7321  
**Contact Person:** Mr. Jimit Shah  
**Email:** [jimit.shah@jpslegal.co.in](mailto:jimit.shah@jpslegal.co.in)



#### STATUTORY AUDITOR OF THE COMPANY

**M/s. JAIN KISHOR & CO., Chartered Accountants**

Office No. 27, 2<sup>nd</sup> Floor, 226 / 230,  
Chamber Bhavan, Kalbadevi Road,  
Mumbai – 400 002  
Tel. No.: +91 – 22 – 2242 1518  
Email: jainkishor20@yahoo.co.in  
Contact Person: Mr .Kishor Jain

#### PEER REVIEW AUDITOR

**M/s. V. J. SHAH & CO., Chartered Accountants**

401- 406, K Building,  
24, Walchand Hirachand Marg,  
Ballard Estate, Mumbai – 400 001  
Tel No.: +91 – 22 – 2266 6363 / 4096 6263  
Email: [info@vjshahco.com](mailto:info@vjshahco.com)  
Contact Person: Mr. Chintan Shah

#### MARKET MAKER TO THE ISSUE



**ARYAMAN CAPITAL MARKETS LIMITED**

60, Khatau Building, Gr. Floor,  
Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.)  
Fort, Mumbai - 400 001  
**Tel. No.:** +91 – 22 – 6216 6999  
**Fax No.:** +91 – 22 – 2263 0434  
**Email:** [aryacapm@gmail.com](mailto:aryacapm@gmail.com)  
**Contact Person:** Mr. Harshad Dhanawade  
**SEBI Registration No.:** INB011465938  
**Market Maker Reg. No.:** SMEMM0651421122012

#### BANKER(S) TO OUR COMPANY

[•]

#### BANKER(S) TO THE ISSUE

[•]

#### SELF CERTIFIED SYNDICATE BANKS

The lists of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSBs collecting the ASBA Application Forms, please see the above mentioned SEBI link.

#### BROKERS TO THIS ISSUE

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the Stock Exchange, at BSE Limited, as updated from time to time.





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

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

## **COLLECTING DEPOSITORY PARTICIPANTS**

The list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange at BSE Limited, as updated from time to time.

The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

## **INTER-SE ALLOCATION OF RESPONSIBILITIES**

Aryaman Financial Services Limited is the Sole Lead Manager to this Issue, and hence is responsible for all the Issue management related activities.

## **MONITORING AGENCY**

As per Regulation 16(1) of the SEBI (ICDR) Regulations, 2009 the requirement of Monitoring Agency is not mandatory if the fresh issue size is below ₹ 10,000 lakhs and hence our Company has not appointed a monitoring agency for this Issue.

Pursuant to Regulation 32(3) of the SEBI Listing 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 the 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 Listing Regulations, our Company shall furnish to the Stock Exchanges on a half-yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Draft Prospectus.

## **IPO GRADING**

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

## **TRUSTEES**

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

## **DETAILS OF THE APPRAISING AUTHORITY**

The objects of the Issue and deployment of funds are not appraised by any independent agency/ bank/ financial institution.

## **CREDIT RATING**

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

## **EXPERT OPINION**

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



Our Company has received written consent from the Peer Review Auditor namely, M/s. V. J. Shah & Co., Chartered Accountants and from the Statutory Auditors of the Company, namely, M/s. Jain Kishor & Co., Chartered Accountants, to include their name in respect of the reports on the Restated Financial Statements dated August 18, 2018 and the Statement of Tax Benefits dated August 18, 2018, issued by them respectively and included in this Draft Prospectus, as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 and such consent has not been withdrawn as on the date of this Draft Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## ISSUE PROGRAMME

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

Event	Indicative Date
Issue Opening Date	[•]
Issue Closing Date	[•]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[•]
Initiation of Allotment / Refunds / Unblocking of Funds	[•]
Credit of Equity Shares to demat accounts of Allottees	[•]
Commencement of trading of the Equity Shares on the Stock Exchange	[•]

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

Applications and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Issue Period (except for the Issue Closing Date). On the Issue Closing Date, the Applications and any revision to the same shall be accepted between **10.00 a.m. and 3.00 p.m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Applications by Retail Individual Applicants after taking into account the total number of applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchanges. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on working days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, 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 on Business Days. Neither our Company, nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Applications (in terms of the quantity of the Equity Shares or the Applications Amount) at any stage. Retail Individual Applicants can revise or withdraw their Applications prior to the Issue Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book *vis-a-vis* the data contained in the physical or the electronic Application Form, for a particular Applicant, the details as per the file received from the Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-a-vis* the data contained in the physical or electronic Application Form, for a particular ASBA Applicant, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.



## UNDERWRITING

This Issue is 100% Underwritten. The Underwriting agreement is dated August 06, 2018. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being offered through this Issue:

Details of the Underwriter	No. of Shares Underwritten	Amt Underwritten (₹ in lakhs)	% of the Total Issue Size Underwritten
<b>Aryaman Financial Services Limited</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 <b>Tel. No.:</b> +91 22 6216 6999 <b>Fax No.:</b> +91 22 2263 0434 <b>Email:</b> <a href="mailto:ipo@afsl.co.in">ipo@afsl.co.in</a>	13,48,000	[●]	94.93%
<b>Aryaman Capital Markets Limited</b> 60, Khatau Building, Gr. Floor, Alkesh Dinesh Modi Marg, Opp. P.J. Tower (BSE Bldg.), Fort, Mumbai – 400 001 <b>Tel. No.:</b> +91 22 6216 6999 <b>Fax No.:</b> +91 22 2263 0434 <b>Email:</b> <a href="mailto:aryacapm@gmail.com">aryacapm@gmail.com</a>	72,000	[●]	5.07%
<b>Total</b>	<b>14,20,000</b>	<b>[●]</b>	<b>100.00%</b>

As per Regulation 106 P (2) of SEBI (ICDR) Regulations, 2009, the Lead Manager has agreed to underwrite to a minimum extent of 15% of the Issue out of its own account.

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

## WITHDRAWAL OF THE ISSUE

Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before the Board meeting for 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. The Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment. If our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Prospectus.

## Details of the Market Making Arrangement for this Issue

Our Company and the Lead Manager, Aryaman Financial Services Limited have entered into an agreement dated August 06, 2018 with Aryaman Capital Markets Limited (“ACML”), a Market Maker registered with the SME Platform of BSE in order to fulfil the obligations of Market Making and ACML has given its consent for inclusion of its name in the Draft Prospectus as Market Maker.



The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the 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 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 shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The minimum depth of the quote shall be ₹ 1,00,000. However, the investors with holdings of value less than ₹ 1,00,000 shall be allowed to issue their holding to the Market Maker in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
3. 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 from time to time.
4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
5. 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.
6. 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.
7. The Market Maker may also be present in the opening call auction, but there is no obligation on him to do so.
8. 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 or 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.
9. The Market Maker 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.
10. 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 regulation 106V of the SEBI (ICDR) Regulations, 2009. Further the 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.
11. **Risk containment measures and monitoring for Market Maker:** SME Platform of BSE 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.
12. **Punitive Action in case of default by Market Maker:** SME Platform of BSE 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.



13. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.
14. **Price Band and Spreads:** SEBI Circular bearing reference no. CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for issue size up to ₹ 25,000 lakhs, the applicable price bands for the first day shall be:
- In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the issue price.
  - Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading.

The following spread will be applicable on the BSE SME Exchange/ Platform:

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

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



## CAPITAL STRUCTURE

The share capital of the Company as on the date of this Draft Prospectus is set forth below:

(₹ in lakhs, except share data)

Sr. No.	Particulars	Aggregate Value at Nominal Value	Aggregate Value at Issue Price
<b>A</b>	<b>Authorised Share Capital</b>		
	60,00,000 Equity Shares of face value of ₹ 10 each	600.00	-
<b>B</b>	<b>Issued, Subscribed and Paid-up Share Capital before the Issue</b>		
	39,51,940 Equity Shares of face value of ₹ 10 each	395.19	-
<b>C</b>	<b>Present Issue in terms of this Draft Prospectus<sup>(1)</sup></b>		
	Issue of 14,20,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per equity Share	142.00	[●]
	Which comprises:		
	72,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share reserved as Market Maker Portion	7.20	[●]
	Net Issue to Public of 13,48,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share to the Public	134.80	[●]
	Of which <sup>(2)</sup> :		
	6,74,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of up to ₹ 2.00 lakhs	67.40	[●]
	6,74,000 Equity Shares of ₹ 10 each at a price of ₹ [●] per Equity Share will be available for allocation for Investors of above ₹ 2.00 lakhs	67.40	[●]
<b>D</b>	<b>Equity Share Capital after the Issue</b>		
	53,71,940 Equity Shares of ₹ 10 each	537.19	
<b>E</b>	<b>Securities Premium Account</b>		
	Before the Issue (as on date of this Draft Prospectus)	266.74	
	After the Issue		[●]

(1) The present Issue has been authorized pursuant to a resolution of our Board dated June 27, 2018 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 with a shorter notice on July 09, 2018.

(2) 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.

Our Company has no outstanding convertible instruments as on the date of this Draft Prospectus.

### Changes in Authorized Share Capital

Since incorporation, the capital structure of our Company has been altered in the following manner:

1. The initial authorised share capital of ₹ 10,00,000 divided into 1,00,000 Equity Shares of ₹ 10 each was increased to ₹ 50,00,000 divided into 5,00,000 Equity Shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on October 07, 2010.





2. Increase in authorised capital from ₹ 50,00,000 divided into 5,00,000 Equity shares of ₹ 10 each to ₹ 75,00,000 divided into 7,50,000 Equity shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on October 11, 2012.
3. Increase in authorised capital from ₹ 75,00,000 divided into 7,50,000 Equity shares of ₹ 10 each to ₹ 90,00,000 divided into 9,00,000 Equity shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on October 22, 2013.
4. Increase in authorised capital from ₹ 90,00,000 divided into 9,00,000 Equity shares of ₹ 10 each to ₹ 2,00,00,000 divided into 20,00,000 Equity shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on March 23, 2015.
5. Increase in authorised capital from ₹ 2,00,00,000 divided into 20,00,000 Equity shares of ₹ 10 each to ₹ 6,00,00,000 divided into 60,00,000 Equity shares of ₹ 10 each, pursuant to resolution of shareholders passed at the EGM held on March 23, 2018.

## NOTES TO THE CAPITAL STRUCTURE

### 1) Share Capital History of our Company:

#### a) Equity Share Capital

Our Company has made allotments of Equity Shares from time to time. The following is the Equity Share Capital Build-up of our Company:

Date of Allotment of Equity Shares	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Nature / Reason of Allotment	Nature of Consideration	Cumulative No. of Equity Shares	Cumulative Paid Up Share Capital (₹)	Cumulative Share Premium (₹)
Upon Incorporation	10,000	10	10	Subscription to MoA	Cash	10,000	1,00,000	Nil
January 06, 2011	4,00,000	10	50	Further Allotment	Cash	4,10,000	41,00,000	1,60,00,000
March 02, 2012	90,000	10	100	Further Allotment	Cash	5,00,000	50,00,000	2,41,00,000
November 20, 2012	1,87,500	10	68	Further Allotment	Cash	6,87,500	68,75,000	3,49,75,000
November 01, 2013	1,80,000	10	75	Further Allotment	Cash	8,67,500	86,75,000	4,66,75,000
May 27, 2015 <sup>(1)</sup>	1,20,485	10	90	Right Issue	Cash	9,87,985	98,79,850	5,63,13,800
March 27, 2018 <sup>(2)</sup>	29,63,955	10	Nil	Bonus Allotment	Other than Cash	39,51,940	3,95,19,400	2,66,74,250

<sup>(1)</sup> Issued 1,20,485 Right Shares in the ratio of 5:36 i.e. 5 Right Shares for every 36 Shares held (fraction of new equity shares being rounded off to the nearest whole number).

<sup>(2)</sup> Issued 29,63,955 Bonus Shares in the ratio of 3:1 i.e. 3 Bonus Shares for every Share held, by way of capitalizing Securities Premium Account.

- b) Our Company has not issued any Equity Shares for consideration other than cash except for the Equity Shares as mentioned under:

Date of Allotment	No. of Equity Shares	FV(₹)	Issue Price (₹)	Nature of Allotment	Allotted Person	Benefits Accrued to the Company
March 27, 2018	29,63,955	10	Nil	Bonus Allotment	Allotted to all the Shareholders of the Company	Expansion of capital



- c) No shares have been allotted in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
- d) No bonus shares have been issued out of Revaluation Reserves.
- e) No shares have been issued at a price lower than the Issue Price within the last one year from the date of the Draft Prospectus except as mentioned below:

Date of Allotment	Name of the Allottees	Number of Shares	Face Value (₹)	Issue Price (₹)	Reasons
March 27, 2018 <sup>(1)</sup>	Mr. Mangesh Chauhan	8,71,500	10	Nil	Bonus Allotment
	Mr. Darshan Chauhan	8,65,500			
	Mr. Mahendra Chauhan	8,65,500			
	Mangesh Chauhan HUF	1,20,207			
	Darshan Chauhan HUF	1,20,207			
	Mahendra Chauhan HUF	1,20,207			
	Mr. Jayesh Sanghvi	834			

<sup>(1)</sup> Pursuant to Board Meeting held on March 27, 2018, our Company has allotted 29,63,955 Bonus Shares to all the shareholders of the Company in the ratio of 3:1 i.e. 3 equity shares for every equity share held to the shareholders, by way of capitalization of Securities Premium Account.

- f) Shareholding of our Promoter

Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Shares	F.V (₹)	Issue / Transfer Price (₹)	Cumulative no. of Shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital	Lock in Period
<b>Mr. Mangesh Chauhan</b>									
On Incorporation	Subscription to MOA	Cash	5,000 <sup>(2)</sup>	10	10	5,000	0.13	0.09	3 Years
January 06, 2011	Further Allotment	Cash	1,33,000 <sup>(2)</sup>	10	50	1,38,000	3.37	2.48	3 Years
March 02, 2012	Further Allotment	Cash	30,000 <sup>(2)</sup>	10	100	1,68,000	0.76	0.56	3 Years
November 20, 2012	Further Allotment	Cash	62,500 <sup>(2)</sup>	10	68	2,30,500	1.58	1.16	3 Years
November 01, 2013	Further Allotment	Cash	60,000 <sup>(2)</sup>	10	75	2,90,500	1.52	1.12	3 Years
March 27, 2018 <sup>(1)</sup>	Bonus	Other than Cash	79,500 <sup>(2)</sup>	10	NA	11,62,000	22.05	16.22	3 Years
			7,92,000						1 Year

<sup>(1)</sup> Pursuant to Board Meeting held on March 27, 2018, Mr. Mangesh Chauhan was allotted 8,71,500 Bonus Shares of the Company in the ratio of 3:1 i.e. 3 equity shares for every equity share held, by way of capitalization of Securities Premium Account of the Company

<sup>(2)</sup> Upto 3,70,000 Equity Shares of Mr. Mangesh Chauhan have been earmarked for lock-in for a period of three years and remaining for a period of one year. However, the actual number of shares locked-in is liable to change after finalisation of the lot size, subject to minimum 20% of total lock-in as mandated by Regulation 32 of the SEBI (ICDR) Regulations, 2009 as amended.



Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Shares	F.V (₹)	Issue / Transfer Price (₹)	Cumulative no. of Shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital	Lock in Period
<b>Mr. Mahendra Chauhan</b>									
On Incorporation	Subscription to MOA	Cash	2,500 <sup>(2)</sup>	10	10	2,500	0.06	0.05	3 Years
January 06, 2011	Further Allotment	Cash	1,33,500 <sup>(2)</sup>	10	50	1,36,000	3.38	2.49	3 Years
March 02, 2012	Further Allotment	Cash	30,000 <sup>(2)</sup>	10	100	1,66,000	0.76	0.56	3 Years
November 20, 2012	Further Allotment	Cash	62,500 <sup>(2)</sup>	10	68	2,28,500	1.58	1.16	3 Years
November 01, 2013	Further Allotment	Cash	60,000 <sup>(2)</sup>	10	75	2,88,500	1.52	1.12	3 Years
March 27, 2018	Bonus	Other than Cash	76,500 <sup>(2)</sup> 7,89,000	10	NA	11,54,000	21.90	16.11	3 Years 1 Year

<sup>(1)</sup> Pursuant to Board Meeting held on March 27, 2018, Mr. Mahendra Chauhan was allotted 8,65,500 Bonus Shares of the Company in the ratio of 3:1 i.e. 3 equity shares for every equity share held, by way of capitalization of Securities Premium Account of the Company.

<sup>(2)</sup> Upto 3,65,000 Equity Shares of Mr. Mahendra Chauhan have been earmarked for lock-in for a period of three years and remaining for a period of one year. However, the actual number of shares locked-in is liable to change after finalisation of the lot size, subject to minimum 20% of total lock-in as mandated by Regulation 32 of the SEBI (ICDR) Regulations, 2009 as amended.

Date of Allotment / Transfer	Nature of Transaction	Consideration	No. of Shares	F.V (₹)	Issue / Transfer Price (₹)	Cumulative no. of Shares	% of Pre-Issue Paid Up Capital	% of Post-Issue Paid Up Capital	Lock in Period
<b>Mr. Darshan Chauhan</b>									
On Incorporation	Subscription to MOA	Cash	2,500 <sup>(2)</sup>	10	10	2,500	0.06	0.05	3 Years
January 06, 2011	Further Allotment	Cash	1,33,500 <sup>(2)</sup>	10	50	1,36,000	3.38	2.49	3 Years
March 02, 2012	Further Allotment	Cash	30,000 <sup>(2)</sup>	10	100	1,66,000	0.76	0.56	3 Years
November 20, 2012	Further Allotment	Cash	62,500 <sup>(2)</sup>	10	68	2,28,500	1.58	1.16	3 Years
November 01, 2013	Further Allotment	Cash	60,000 <sup>(2)</sup>	10	75	2,88,500	1.52	1.12	3 Years
March 27, 2018 <sup>(1)</sup>	Bonus	Other than Cash	76,500 <sup>(2)</sup> 7,89,000	10	NA	11,70,500	22.32	16.42	3 Years 1 Year

<sup>(1)</sup> Pursuant to Board Meeting held on March 27, 2018, Mr. Darshan Chauhan was allotted 8,65,500 Bonus Shares of the Company in the ratio of 3:1 i.e. 3 equity shares for every equity share held, by way of capitalization of Securities Premium Account of the Company.

<sup>(2)</sup> Upto 3,65,000 Equity Shares of Mr. Darshan Chauhan have been earmarked for lock-in for a period of three years and remaining for a period of one year. However, the actual number of shares locked-in is liable to change after finalisation of the lot size, subject to minimum 20% of total lock-in as mandated by Regulation 32 of the SEBI (ICDR) Regulations, 2009 as amended.

Notes:

- None of the shares belonging to our Promoter have been pledged till date.



- The entire Promoter shares shall be subject to lock-in from the date of allotment of the equity shares issued through this Draft Prospectus for periods as per applicable Regulations of the SEBI (ICDR) Regulations. For details please see Note no. 2 of “Notes to Capital Structure” on page no. 52 of this Draft Prospectus.
  - Our Promoter have confirmed to the Company and the Lead Manager that the Equity Shares held by our Promoter have been financed from their personal funds and no loans or financial assistance from any bank or financial institution has been availed by them for this purpose.
  - All the shares held by our Promoter, were fully paid-up on the respective dates of acquisition of such shares.
- g) Except as mentioned below, none of the members of the Promoter, Promoter Group, Directors and their immediate relatives have purchased or sold any Equity shares of our Company within the last six months from the date of the Draft Prospectus:

Date of Transfer	Name of Transferor	Name of Transferee	No. of Shares (F.V. ₹ 10)	Price (₹)	Nature of Transaction	Nature of Consideration
March 06, 2018	Mangesh Chauhan HUF	Mr. Jayesh Sanghvi	278	111.00	Transfer	Cash

- h) None of the members of the Promoter Group, Directors and their immediate relatives have financed the purchase by any other person of Equity shares of our Company other than in the normal course of business of the financing entity within the period of six months immediately preceding the date of the Draft Prospectus.

## 2) Promoter Contribution and other Lock-In details:

### i. Details of Promoter Contribution locked-in for 3 years

Pursuant to the Regulation 32(1) and 36(a) of the SEBI (ICDR) Regulations, an aggregate of 20% of the Post-Issue Equity Share Capital held by our Promoter shall be considered as promoter contribution (“**Promoter Contribution**”) and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoter Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

The details of the Promoter’s Equity Shares proposed to be locked-in for a period of three years are as follows:

Name of Promoter	No. of Shares locked in <sup>(1)</sup>	As a % of Post Issue Share Capital
Mr. Mangesh Chauhan	Upto 3,70,000	6.89%
Mr. Mahendra Chauhan	Upto 3,65,000	6.79%
Mr. Darshan Chauhan	Upto 3,65,000	6.79%
<b>Total</b>	<b>Upto 11,00,000</b>	<b>20.48%</b>

<sup>(1)</sup> For details on the date of Allotment of the above Equity Shares, the nature of Allotment, face value and the price at which they were acquired, please refer Note no. 1(f) under “Notes to Capital Structure” on page no. 52 of this Draft Prospectus.

We confirm that in compliance with regulation 33 of SEBI ICDR Regulations, the minimum Promoter contribution of 20% as shown above which is subject to lock-in for three years does not consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and out of revaluation of assets or capitalization of intangible assets or bonus shares out of revaluation reserves or reserves without accrual of cash resources.
- Equity Shares acquired by the Promoter during the preceding one year, at a price lower than the price at which Equity Shares are being issued to public in the Issue.
- Private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.



- The Equity Shares held by the Promoter and offered for minimum 20% Promoter Contribution are not subject to any pledge.
- Equity Shares for which specific written consent has not been obtained from the shareholders for inclusion of their subscription in the minimum Promoter Contribution subject to lock-in.

The minimum Promoter Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoter under the SEBI (ICDR) Regulations, 2009. The Promoter Contribution constituting 20% of the post-Issue capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Issue.

**We further confirm that our Promoter Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.**

ii. *Details of Shares locked-in for one year*

- Pursuant to Regulation 37 of the SEBI (ICDR) Regulations, in addition to the Promoter Contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue Equity Share capital will be locked in for a period of one (1) year from the date of Allotment in this Issue, other than the Equity Shares allotted and subscribed pursuant to the Offer for Sale.
- Pursuant to Regulation 39 of the SEBI Regulations, the Equity Shares held by our Promoter can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions for the purpose of financing one or more of the objects of the issue and the pledge of shares is one of the terms of sanction of such loan. However, as on date of this Draft Prospectus, none of the Equity Shares held by our Promoter have been pledged to any person, including banks and financial institutions.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoter, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoter/ Promoter Group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.
- Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoter, which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 as applicable.

3) **Pre-Issue and Post Issue Shareholding of our Promoter and Promoter Group**

Set forth is the shareholding of our Promoter and Promoter Group before and after the proposed issue:

Category of Promoter	Pre Issue		Post Issue	
	No. of Shares	%	No. of Shares	%
<b>1. Promoter</b>				
Mr. Mangesh Chauhan	11,62,000	29.40%	11,62,000	21.63%
Mr. Mahendra Chauhan	11,54,000	29.20%	11,54,000	21.48%
Mr. Darshan Chauhan	11,54,000	29.20%	11,54,000	21.48%
<b>2. Promoter Group (as defined by SEBI (ICDR) Regulations)</b>				
Mangesh Chauhan HUF	1,60,276	4.06%	1,60,276	2.98%
Mahendra Chauhan HUF	1,60,276	4.06%	1,60,276	2.98%
Darshan Chauhan HUF	1,60,276	4.06%	1,60,276	2.98%
<b>Total Promoter &amp; Promoter Group Holding</b>	<b>39,50,828</b>	<b>99.98%</b>	<b>39,50,828</b>	<b>73.53%</b>
<b>Total Paid up Capital</b>	<b>39,51,940</b>	<b>100.00%</b>	<b>53,71,940</b>	<b>100.00%</b>



4) **The top ten shareholders of our Company and their Shareholding is as set forth below:**

a) The top ten Shareholders of our Company as on the date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Pre- Issue Share Capital
1.	Mr. Mangesh Chauhan	11,62,000	29.40%
2.	Mr. Mahendra Chauhan	11,54,000	29.20%
3.	Mr. Darshan Chauhan	11,54,000	29.20%
4.	Mangesh Chauhan HUF	1,60,276	4.06%
5.	Mahendra Chauhan HUF	1,60,276	4.06%
6.	Darshan Chauhan HUF	1,60,276	4.06%
7.	Mr. Jayesh Sanghvi	1,112	0.02%
<b>Total</b>		<b>39,51,940</b>	<b>100.00%</b>

b) The top ten Shareholders of our Company ten days prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of Pre- Issue Share Capital
1.	Mr. Mangesh Chauhan	11,62,000	29.40%
2.	Mr. Mahendra Chauhan	11,54,000	29.20%
3.	Mr. Darshan Chauhan	11,54,000	29.20%
4.	Mangesh Chauhan HUF	1,60,276	4.06%
5.	Mahendra Chauhan HUF	1,60,276	4.06%
6.	Darshan Chauhan HUF	1,60,276	4.06%
7.	Mr. Jayesh Sanghvi	1,112	0.02%
<b>Total</b>		<b>39,51,940</b>	<b>100.00%</b>

c) The top ten Shareholders of our Company two years prior to date of this Draft Prospectus are:

Sr. No.	Particulars	No. of Shares	% of then Pre- Issue Share Capital
1.	Mr. Mangesh Chauhan	2,90,500	29.40%
2.	Mr. Mahendra Chauhan	2,88,500	29.20%
3.	Mr. Darshan Chauhan	2,88,500	29.20%
4.	Mangesh Chauhan HUF	40,347	4.08%
5.	Mahendra Chauhan HUF	40,069	4.06%
6.	Darshan Chauhan HUF	40,069	4.06%
<b>Total</b>		<b>9,87,985</b>	<b>100.00%</b>

- 5) Neither the Company, nor its Promoter, Directors or the Lead Manager have entered into any buyback and/or standby arrangements for purchase of Equity Shares of the Company with any person.
- 6) None of our Directors or Key Managerial Personnel holds Equity Shares in the Company, except as stated in the chapter titled “*Our Management*” beginning on page no. 111 of this Draft Prospectus.
- 7) Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed under “*Basis of Allotment*” in the chapter titled “*Issue Procedure*” beginning on page no. 187 of this Draft Prospectus. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
- 8) An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
- 9) An over-subscription to the extent of 10% of the 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 Issue, as a result of which, the post-issue paid up capital after the Issue would also increase by the excess amount of allotment so





made. In such an event, the Equity Shares held by the Promoter and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

- 10) 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 effected in accordance with applicable laws, rules, regulations and guidelines.
- 11) No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoter to the persons who receive allotments, if any, in this Issue.
- 12) As on date of this Draft Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoter or shareholders or any other person any option to receive Equity Shares after the Issue.
- 13) There shall be only one denomination of Equity Shares of our Company unless otherwise permitted by law. Our Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
- 14) Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only. Also, as on the date of this Draft Prospectus the entire pre-issue share capital of the Company has been made fully paid up.
- 15) Except as disclosed in the Draft Prospectus, our Company presently does not have any intention or proposal to alter its capital structure for a period of six months commencing from the date of opening of this Issue, by way of split / consolidation of the denomination of Equity Shares or further issue of Equity Shares or securities convertible into Equity Shares, whether on a preferential basis or issue of bonuses or rights or further public issue of specified securities or Qualified Institutional Placement.
- 16) We have not issued any Equity Shares out of revaluation reserves. We have not issued any Equity Shares for consideration other than cash except as stated in this Draft Prospectus.
- 17) As on date of this Draft Prospectus, there are no outstanding ESOP's, warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares, nor has the company ever allotted any equity shares pursuant to conversion of ESOP's till date.
- 18) Our Company shall ensure that transactions in the Equity Shares by our Promoter and our Promoter Group between the date of this Draft Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within 24 hours of such transaction.
- 19) The Lead Manager and its associates do not directly or indirectly hold any shares of the Company.
- 20) Our Promoter, Promoter Group, Group Companies will not participate in the Issue.
- 21) Our Company has Seven (7) shareholders, as on the date of this Draft Prospectus.
- 22) Our Company has not revalued its assets and we do not have any revaluation reserves till date.
- 23) Our Company has not made any public issue (including any rights issue to the public) since its incorporation.



## 24) Shareholding pattern of our Company

The following is the shareholding pattern of the Company as on the date of this Draft Prospectus

Category (I)	Category of Share- holder (II)	No. of Share-holder (III)	No. of fully paid-up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares Underlying Depository Receipts (VI)	Total Nos. Shares held (VII) = (IV) + (V) + (VI)	Share holding as a % of total No. of Shares (calculated As per SCRR, 1957)(VIII) As a % of (A+B+C2)	Number of Voting Rights held in each Class of securities (IX)				No of Underlying Outstanding Convertible securities (incl. Warrants) (X)	Share Holding as a % assuming Full convertible securities (as a % of Diluted Share Capital)(XI)=(VII)+(X) As a % of (A+B+C2)	Number of Locked In shares (XII)		No. of shares Pledged Or Otherwise encumbered (XIII)		No. of Equity shares held in De-mat form (XIV)
								No of voting Right			Total As a %of(A+B+C)			No (a)	As a %of total shares held (b)	No (a)	As a % of total shares held (b)	
								Class-Equity	Class	Total								
(A)	Promoter & Promoter Group	6	39,50,828	-	-	39,50,828	99.98%	39,50,828	-	39,50,828	99.98%	-	99.98%	-	-	-	-	-
(B)	Public	1	1,112	-	-	1,112	0.02%	1,112	-	1,112	0.02%	-	0.02%	-	-	-	-	-
(C)	Non Promoter Non Public																	
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	7	39,51,940	-	-	39,51,940	100.00%	39,51,940	-	39,51,940	100.00%	-	100.00%	-	-	-	-	-

25) There are no Public Shareholders holding more than 1% of the pre-issue paid-up capital of our Company.



## SECTION IV – PARTICULARS OF THE ISSUE

### OBJECTS OF THE ISSUE

The Objects of the Issue is to raise funds for:

- (a) Repayment of Loans;
- (b) Funding Working Capital Requirement; and
- (c) Funding expenditure for General Corporate Purposes.

Further, our Company expects that the listing of the Equity Shares will enhance our visibility and our brand image among our existing and potential customers.

The Main Objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by the Company through the present Issue. Further, we confirm that the activities that we have been conducting until now are in accordance with the objects clause of our Memorandum of Association.

### Issue Proceeds & Net Issue Proceeds

The details of the proceeds of the Issue are set forth in the table below:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1	Gross Proceeds from the Issue	[●]
2	Issue related Expenses <sup>(1)</sup>	[●]
	Net Proceeds from the Issue	[●]

<sup>(1)</sup> The Issue expenses are estimated expenses and subject to change.

### Requirement of Funds and Means of Finance

The fund requirements described below are based on internal management estimates and our Company's current business plan and have not been appraised by any bank, financial institution.

We intend to utilise the Net Proceeds of the Issue ("Net Proceeds") of ₹ [●] lakhs for financing the objects as set forth below:

(₹ in lakhs)

Sr. No.	Particulars	Amount
1	Repayment of Loans	1,480.01
2	Funding Working Capital Requirement	[●]
3	Expenditure for General Corporate Purposes	[●]
	<b>Total</b>	[●]

The entire fund requirements are to be financed from the Net Issue Proceeds, and there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the Issue.

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 or in case of cost overruns, we expect that the shortfall will be met from internal accruals and/or entering into funding arrangements as required. Any variation in the objects of the Issue shall be undertaken in accordance with the terms of the Companies Act and the rules framed there under.

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 / Bridge Loans and in such



case the Funds raised shall be utilized towards repayment of Unsecured Loans or recouping of Internal Accruals. However, we confirm that except as mentioned below no unsecured / bridge financing has been availed as on date for the above mentioned objects, which is subject to being repaid from the Issue Proceeds.

For further details on the risks involved in our proposed fund utilization as well as executing our business strategies, please see the section titled “*Risk Factors*” beginning on page no. 10 of this Draft Prospectus.

## DETAILS OF THE FUND REQUIREMENTS

### 1. Repayment of loans

We have from time to time availed unsecured loan from our promoter-directors Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan. These loans were primarily used for business working capital purposes and are repayable on demand. As on March 31, 2018 the amount outstanding from promoters was ₹ 1,480.01 lakhs. For further details, see “*Financial Indebtedness*” beginning on page no. 161 of this Draft Prospectus.

As on March 31, 2018 with respect to the loan proposed to be repaid from Net Proceeds of the Issue, our Company had total outstanding unsecured loans amounting to ₹ 1,480.01 lakhs as confirmed by the Auditors M/s. Jain Kishor & Co., vide Certificate dated August 18, 2018. They have further confirmed that these loans were received from promoter and were utilized for business working capital purposes. Our Company proposes to utilize an amount of ₹ 1,480.01 lakhs out of the Net Proceeds towards repayment of the borrowings/loans listed in the table below. We believe that such repayment/ prepayment will help reduce our outstanding indebtedness and improve our debt-equity ratio. We believe that reducing our indebtedness will result in enhanced equity base, reduce our financial costs, improve our profitability and improve our leverage capacity. Following are the details of the loans we intend to repay from the issue proceeds.

(₹ in lakhs)

Sr. No.	Name of the Lender	Principal Amt. of Loan outstanding as on March 31, 2018	Amt. of loan proposed to be repaid
4.	Mr. Mangesh Chauhan	758.07	758.07
5.	Mr. Mahendra Chauhan	527.81	527.81
6.	Mr. Darshan Chauhan	194.12	194.12
	<b>Total</b>	<b>1,480.01</b>	<b>1,480.01</b>

We may repay the above loans, before we obtain proceeds from the Issue, through other means and source of financing, including bridge loan or other financial arrangements, which then will be repaid from the proceeds of the Issue.

### 2. Funding Working Capital Requirements:

#### Working Capital Cycle:

We are engaged in the business of designing, manufacturing and marketing of gold jewellery since incorporation. We mainly deal in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We have the ability to create localised product design mixes to suit various regional tastes. We cater to our customers’ preferences, through our understanding of the local and regional market. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

The jewellery industry is highly working capital intensive. It is also highly competitive and we face fierce competition from the organised as well from the unorganised sector, and hence we cannot always dictate payment terms with our customers. Also, we have witnessed considerably high levels of inventory, raw material as well as finished goods. Our raw materials purchase mainly includes gold bullion which require immediate payment to our suppliers, firstly to avoid fluctuation in gold prices and secondly to maintain relationship with our suppliers for smooth inflow of such raw materials. However, our customers include small and large wholesalers and retailers, to whom we need to give a certain credit period, thus affecting our working capital requirement.



Further, recent volatility in the global economy and the subsequent volatility of economic activity in India, various companies for whom we manufacture our jewellery, may be facing liquidity pressures and if the same were to continue we may not be able to reduce the credit period to our customers substantially in order to reduce our working capital gap. This is one of the major reasons for increase in our working capital requirements.

#### Basis of estimation of working capital requirement and estimated working capital requirement

(₹ in lakhs)

Sr. No.	Particulars	Holding Levels (days)	Period ended March 31, 2018	Holding Levels (days)	Provisional For Fiscal 2018-19
<b>I.</b>	<b>Current Assets:</b>				
1.	Inventories	15	2,485.88	18	3,300
2.	Trade Receivables	15	2,954.97	20	3,500
3.	Loans & Advances and Other Current Assets		240.35		330
	<b>Total Current Assets (A)</b>		<b>5,681.21</b>		<b>7,230</b>
<b>II.</b>	<b>Current Liabilities</b>				
1.	Trade Payables		13.03		15
2.	Other Current Liabilities		5.61		7
	<b>Total Current Liabilities (B)</b>		<b>18.63</b>		<b>22</b>
<b>III.</b>	<b>Total Working Capital Gap (A – B)</b>		<b>5,662.57</b>		<b>7,108</b>
<b>IV.</b>	<b>Funding Pattern:</b>				
1.	Working Capital Facilities from Banks		3,702.57		4,000
2.	Internal Accruals / Owned Funds		1,960.00		[●]
3.	Part of the Net proceeds to be utilised		-		[●]

<sup>(1)</sup> Our company enjoys sanctioned working capital facilities aggregating to ₹ 4,900 lakhs. For further details of the sanctioned limits, please refer the chapter “Financial Indebtedness” on page no. 161 of this Draft Prospectus.

Hence, our Company proposes to utilise upto ₹ [●] lakhs of the Net Issue Proceeds towards working capital requirements for meeting our future business requirements.

#### Justification for “Holding Period” levels

<b>Trade Receivables</b>	Our Company operates in a highly competitive environment, including the organised and unorganised sector. Further, acquiring and retaining large customers for requires us to provide them credit period. Hence we believe that going ahead we will witness an average of 20 days credit period in the fiscal 2018-19.
<b>Inventories</b>	The Company expects its inventory portfolio to be greater keeping in line with the growth in business. Hence the inventory holding period has been estimated to be in the range of 18 days for the fiscal 2018-19.
<b>Trade Payables</b>	To avail timely raw materials and right quality goods from our suppliers we generally pay the creditors within approximately 2 days. We further believe that offering our creditors faster payment terms will get us benefits of better pricing and hence this continue to be approximately 2 days in the Financial Year 2018-19.

#### 2) General Corporate Purposes

We propose to deploy ₹ [●], aggregating to [●] % of the Proceeds of the Issue towards general corporate purposes, including but not restricted to strategic initiatives, partnerships, joint ventures and acquisitions, meeting exigencies which our Company may face in the ordinary course of business, to renovate and refurbish certain of our existing Company owned/leased and operated facilities or premises, towards brand promotion activities or any other purposes as may be approved by our Board.



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.

## ISSUE RELATED EXPENSES

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

Sr. No.	Particulars	Amount (₹ in lakhs)	% of Total Expenses	% of Total Issue size
1	Issue Management fees including fees and reimbursements of Market Making fees (1 <sup>st</sup> year), and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	[●]	[●]	[●]
2	Brokerage and Selling Commission, Underwriting Commission, RTAs and CDPs <sup>(1)(2)(3)(4)</sup>	[●]	[●]	[●]
3	Advertisement, Printing & Stationery, Marketing Expenses, etc.	[●]	[●]	[●]
4	Listing Fees, Market Regulatory & Other Expenses	[●]	[●]	[●]
<b>Total</b>		[●]	[●]	[●]

<sup>(1)</sup> The SCSBs and other intermediaries will be entitled to a commission of ₹ 10/- per every valid Application Form submitted to them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(2)</sup> The SCSBs would be entitled to processing fees of ₹ 10/- per Application Form, for processing the Application Forms procured by other intermediaries and submitted to the SCSBs.

<sup>(3)</sup> Further the SCSBs and other intermediaries will be entitled to selling commission of 0.01% of the Amount Allotted (product of the number of Equity Shares Allotted and the Issue Price) for the forms directly procured by them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(4)</sup> The payment towards commission and processing fees will be completed within 30 days from the date of receipt of final invoice from the respective entities.

## Appraisal and Bridge Loans

The Objects of the Issue and deployment of Issue funds have not been appraised by any banks, financial institutions or agency. Further, our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Prospectus, which are proposed to be repaid from the Net Issue Proceeds.

## Year wise Deployment of Funds / Schedule of Implementation

As on the date of this Draft Prospectus, no funds have been deployed on these objects. The entire Issue size is proposed to be deployed in the Financial Year 2018 – 19.

## Monitoring of Utilization of Funds

There is no requirement for a monitoring agency as the Fresh Issue size is less than ₹ 10,000 lakhs. Pursuant to Regulation 32(3) of the SEBI (LODR) Regulations, 2015, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Issue 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.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on half-yearly basis disclose to the Audit Committee the use and application of the Issue Proceeds. Until such time as any part of the Issue Proceeds





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

### **Interim Use of Funds**

Pending utilization of the Net Issue Proceeds for the purposes described above, our Company will deposit the Net Issue Proceeds with scheduled commercial banks included in schedule II of the RBI Act. Our Company confirms that it shall not use the Net Issue Proceeds for buying, trading or otherwise dealing in shares of any listed company or for any investment in the equity markets.

### **Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. 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. The notice in respect of such resolution to Shareholders shall simultaneously be published in the newspapers, one in English and one in Regional language of the jurisdiction where our Registered Office is situated. The Shareholders who do not agree to the above stated proposal, our Promoter or controlling Shareholders will be required to provide an exit opportunity to such dissenting Shareholders, at a price as may be prescribed by SEBI, in this regard.

### **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, our board of Directors, our Key Management Personnel or Group Companies except in the normal course of business and except as mentioned in this chapter in compliance with applicable law.



## BASIC TERMS OF THE ISSUE

### Terms of the Issue

The Equity Shares, now being issued, are subject to the terms and conditions of this Draft Prospectus/Prospectus, the Application form, the Memorandum and Articles of Association of our Company, the guidelines for listing of securities issued by the Government of India and SEBI (ICDR) Regulations, 2009, the Depositories Act, NSE, RBI, ROC and / or other authorities as in force on the date of the Issue and to the extent applicable.

In addition, the Equity Shares shall also be subject to such other conditions as may be incorporated in the Share Certificates, as per the SEBI (ICDR) Regulations, 2009 notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

### Approval for the Issue

The present Issue has been authorized pursuant to a resolution of our Board dated June 27, 2018 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 with a shorter notice on July 09, 2018.

### Other Details

<b>Face Value</b>	The Equity Shares having a face value of ₹ 10 each are being issued in terms 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.
<b>Issue Price</b>	The Equity Shares pursuant to this Draft Prospectus are being issued at a price of ₹ [●] each.
<b>Market Lot and Trading Lot</b>	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.
<b>Terms of Payment</b>	Applications should be for a minimum of [●] equity shares and in multiples of [●] equity shares thereafter. The entire Issue Price of the equity shares of ₹ [●] per share is payable on application.  In case of allotment of lesser number of equity shares than the number applied, the excess amount paid on application shall be refunded / unblocked to the applicants.
<b>Ranking of the Equity Shares</b>	The Equity Shares shall be subject to the Memorandum and Articles of Association of the Company and shall rank <i>pari-passu</i> in all respects including dividends with the existing Equity Shares of the Company. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of allotment.

### Minimum Subscription

The requirement for 90% minimum subscription in terms of Regulation 14 of the ICDR Regulations is not applicable to the Issue. In terms of Regulation 106P(1) of the ICDR Regulations, the Issue is not restricted to any minimum subscription level and is 100% underwritten. Further, pursuant to Regulation 106R of the ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 50.

If we do not receive the subscription of 100% of the Issue through this offer document, including devolvment of Underwriters within sixty days from the date of closure of the Issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after we become liable to pay the amount, we shall pay interest prescribed under the applicable provisions of the Companies Act, 2013.



## BASIS FOR ISSUE PRICE

The Issue Price has been determined by our Company in consultation with the Lead Manager on the basis of the key business strengths. The face value of the Equity Shares is ₹ 10 and Issue Price is ₹ [●] per Equity Shares and is [●] times of the face value. Investors should read the following basis with the sections titled “Risk Factors” and “Financial Information” and the chapter titled “Our Business” beginning on page nos. 10, 131 and 81 respectively, of this Draft Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of Our Company could decline due to these risk factors and you may lose all or part of your investments.

### Qualitative Factors

We believe that the following strengths help differentiate us from our competitors and enable us to compete successfully in our industry:

- ✓ Wide product range
- ✓ Experienced management and well trained and trustworthy employee base
- ✓ Strong understanding of customer preference
- ✓ Established marketing setup
- ✓ Fully integrated manufacturing facility
- ✓ Strategic location of manufacturing facility and sales offices

For further details regarding some of the qualitative factors, which form the basis for computing the Issue Price, please see “Business Overview – Our Strengths” on page no. 82 of this Draft Prospectus.

### Quantitative Factors

Information presented in this chapter is derived from restated financial statements prepared in accordance with Indian GAAP.

#### 1) Earnings per Share (EPS)

Year ended March 31,	Basic & Diluted	
	EPS (in ₹)	Weight
2018	6.65	3
2017	2.38	2
2016	2.53	1
<b>Weighted Average</b>	4.52	

#### Notes:

- a. Basic EPS has been calculated as per the following formula:

$$\text{Basic EPS (₹)} = \frac{\text{Net profit / (loss) as restated, attributable to Equity Shareholders}}{\text{Weighted average number of Equity Shares outstanding during the year / period}}$$

- b. Diluted EPS has been calculated as per the following formula:

$$\text{Diluted EPS (₹)} = \frac{\text{Net profit / (loss) as restated, attributable to Equity Shareholders}}{\text{Diluted Weighted average number of Equity Shares outstanding during the year / period}}$$

- c. Earnings per share calculations are in accordance with Accounting Standard 20 “Earnings per Share” prescribed by the Companies (Accounting Standard) Rules, 2006

#### 2) Price Earnings Ratio (P/E) in relation to the Issue price of ₹ [●] per share of ₹ 10 each

Particulars	
P/E ratio based on Basic and Diluted EPS as at March 31, 2018	[●]
P/E ratio based weighted average EPS	[●]



Industry P/E	
Highest – Lypsa Gems & Jewellery Limited	173.6
Lowest – Swarnsarita Gems Limited	6.1
Industry Average	30.7

(Source: Capital Market, Vol. XXXIII/12, July 30 – August 12, 2018; Segment: Diamond Cutting / Jewellery)

### 3) Return on Net Worth (RoNW)

Year ended March 31,	RoNW (%)	Weight
2018	19.48%	3
2017	8.65%	2
2016	9.48%	1
<b>Weighted Average</b>	<b>14.21%</b>	

**Note:** Return on Net worth has been calculated as per the following formula:

$$\text{RoNW} = \frac{\text{Net profit /loss after tax, as restated}}{\text{Net worth excluding preference share capital and revaluation reserve}}$$

- 4) Minimum Return on Net Worth (RoNW) after the Issue needed to maintain the Pre – Issue Basic & Diluted EPS of ₹ [●] for the FY 2017-18 (based on Restated Financials) at the Issue Price of ₹ [●] is [●] %.

### 5) Net Asset Value (NAV)

Financial Year	Standalone
NAV as at March 31, 2018	₹ 34.11
NAV after Issue	₹ [●]
Issue Price	₹ [●]

**Note:** Net Asset Value has been calculated as per the following formula:

$$\text{NAV} = \frac{\text{Net worth excluding preference share capital and revaluation reserve}}{\text{Outstanding number of Equity shares outstanding during the year / period}}$$

### 6) Comparison with Industry peers

Particulars	Face Value (₹)	EPS (₹)	P/E Ratio <sup>(2)</sup>	RONW (%)	NAV (₹)
Patdiam Jewellery Limited	10.00	2.28	36.95	2.95%	67.39
Kenvi Jewellery Limited	10.00	0.18	110.53	6.54%	15.82
Renaissance Jewellery Ltd.	10.00	16.19	19.22	0.70%	235.02
Source: Company Financial Results for the F.Y. 2017-18 on BSE Ltd.					
Sky Gold Limited	10.00	6.65	[●]	19.48%	34.11
Source: Restated Financials for March 31, 2018					

<sup>(1)</sup> All Peer Comparison is for Financials on Standalone Basis.

<sup>(2)</sup> Based on Closing Prices as on March 31, 2018

- 7) The Company and the Selling Shareholder in consultation with the Lead Manager believes that the Issue price of ₹ [●] per share for the Public Issue is justified in view of the above parameters. The investors may also want to peruse the Risk Factors and Financials of the company including important profitability and return ratios, as set out in the Financial Statements included in this Draft Prospectus to have more informed view about the investment proposition. The Face Value of the Equity Shares is ₹ 10 per share and the Issue Price is [●] times of the face value i.e. ₹ [●] per share.



## STATEMENT OF TAX BENEFITS

To,

**Sky Gold Limited**

Gala no. 101, 102, 103, 1st Floor, Raja Industrial Estate, Sarvoday Nagar,  
Jain Mandir Road, Mulund (West), Mumbai – 400 080, Maharashtra

Dear Sirs,

**Subject: Statement of Possible Special Tax Benefits available to Sky Gold Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the Securities and Exchange Board of India (Offer of Capital and Disclosure Requirements) Regulations, 2009 as amended (the ‘Regulations’)**

We hereby report that the enclosed annexure prepared by Sky Gold Limited, states the possible special tax benefits available to Sky Gold Limited (‘the Company’) and the shareholders of the Company under the Income Tax Act, 1961 (‘Act’), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the special tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the company may or may not choose to fulfil.

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

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

- a) The Company or its Equity Shareholders will continue to obtain these benefits in future; or
- b) The conditions prescribed for availing the benefits have been / would be met with.

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company

Our views are based on facts and assumptions indicated to us and the existing provisions of tax law and its interpretations, which are subject to change or modification from time to time by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retrospective, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its Issue, which may have a material effect on the discussions herein.

This report including enclosed annexure are intended solely for your information and for the inclusion in the Draft Prospectus / Prospectus or any other Issue related material in connection with the proposed initial public issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Jain Kishor & Co.,**

**Chartered Accountants**

(Firm Registration No. 103921W)

**Kishor B. Jain**

**Proprietor**

Membership No: 40867

Place: Mumbai

Date: August 18, 2018



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## **ANNEXURE 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 Income Tax Act 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in 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**

NIL

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

NIL

#### **Note:**

1. All the above statements 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.
3. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, 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 Issue.
4. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.





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## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

#### GLOBAL ECONOMIC SCENARIO

The upswing in global investment and trade continued in the second half of 2017. At 3.8 percent, global growth in 2017 was the fastest since 2011. With financial conditions still supportive, global growth is expected to tick up to a 3.9 percent rate in both 2018 and 2019. Advanced economies will grow faster than potential in 2018 and the next year; euro area economies are set to narrow excess capacity with support from accommodative monetary policy, and expansionary fiscal policy will drive the US economy above full employment. Aggregate growth in emerging market and developing economies is projected to firm further, with continued strong growth in emerging Asia and Europe and a modest upswing in commodity exporters after three years of weak performance.

Global growth is projected to soften beyond the next couple of years. Once their output gaps close, most advanced economies are poised to return to potential growth rates well below pre-crisis averages, held back by aging populations and lack-lustre productivity. US growth will slow below potential as the expansionary impact of recent fiscal policy changes goes into reverse. Growth is projected to remain subpar in several emerging market and developing economies, including in some commodity exporters that continue to face substantial fiscal consolidation needs.

Economic activity in 2017 ended on a high note growth in the second half of the year was above 4 percent, the strongest since the second half of 2010, supported by a recovery in investment. Outcomes exceeded the October 2017 *World Economic Outlook* forecasts in the euro area, Japan, the United States, and China, and continued to improve gradually in commodity exporters. Financial conditions remain supportive, despite the recent volatility in equity markets and increases in bond yields following signs of firming inflation in advanced economies. With broad-based momentum and expectations of a sizable fiscal expansion in the United States over this year and the next, global growth is now projected at 3.9 percent for 2018–19, a 0.2 percentage point upgrade for both years relative to the October 2017 forecast.

This positive momentum will eventually slow, however, leaving many countries with a challenging medium-term outlook. Some cyclical forces will wane: financial conditions are expected to tighten naturally with the closing of output gaps and monetary policy normalization; US tax reform will subtract momentum starting in 2020, and then more strongly as full investment expensing is phased out starting in 2023; and China's transition to lower growth is expected to resume as credit growth and fiscal stimulus diminish. At the same time, while the expected recovery in investment will help raise potential output, weak productivity trends and reduced labor force growth due to population aging constrain medium-term prospects in advanced economies. The outlook is mixed across emerging market and developing economies. Prospects remain favourable in emerging Asia and Europe, but are challenging in Latin America, the Middle East and sub-Saharan Africa, where despite some recovery the medium term outlook for commodity exporters remains generally subdued, with a need for further economic diversification and adjustment to lower commodity prices. More than one-quarter of emerging market and developing economies are projected to grow by less than advanced economies in per capita terms over the next five years, and hence fall further behind in terms of living standards.

Risks around the short-term outlook are broadly balanced, but risks beyond the next several quarters are clearly to the downside. On the upside, the growth spurt in advanced economies may turn out to be stronger and more durable than in the baseline, as slack in labor markets can be larger than currently assessed. Furthermore, the ongoing recovery in investment could foster a rebound in productivity, implying higher potential growth going forward. In the United States, financial conditions could tighten faster than expected, triggered, for example, by an adjustment in market pricing of the future path of monetary policy, higher realized or expected wage and price inflation, and/or a sudden decompression of term premiums. Tighter financial conditions in the United States would have spillovers to other economies, including through a reduction in capital flows to emerging markets. Very expansionary fiscal policy in the United States, at a time when the current account deficit is already larger than justified by fundamentals, combined with persistent excess current account surpluses in other countries, is projected to widen global imbalances. Anxiety about technological change and globalization is on the rise and, when combined with wider trade imbalances, could foster a shift toward inward-looking policies, disrupting trade and investment. Recent import restrictions announced by the United States, announced retaliatory actions by China and potential retaliation by other countries raise concerns in this regard and threaten



to damage global and domestic activity and sentiment. Similarly, changes in US tax policies are expected to exacerbate income polarization, which could affect the political climate for policy choices in the future. Climate change, geopolitical tensions, and cyber security breaches pose additional threats to the subdued medium-term global outlook.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2018/03/20/world-economic-outlook-april-2018>)

## **INDIAN ECONOMIC SCENARIO**

### **Indian Scenario**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19.

### **Market size**

India's gross domestic product (GDP) at constant prices grew by 7.2 per cent in September-December 2017 quarter as per the Central Statistics Organization (CSO). Corporate earnings in India are expected to grow by 15-20 per cent in FY 2018-19 supported by recovery in capital expenditure, according to JM Financial.

The tax collection figures between April 2017 - February 2018 show an increase in net direct taxes by 19.5 per cent year on year and an increase in net direct taxes by 22.2 per cent year-on-year.

India has retained its position as the third largest startup base in the world with over 4,750 technology startups, with about 1,400 new start-ups being founded in 2016, according to a report by NASSCOM.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 422.53 billion in the week up to March 23, 2018, according to data from the RBI.

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

## **GLOBAL GEMS AND JEWELLERY INDUSTRY**

Gems and Jewelry Market constitutes various jewelries made out of metals like gold, diamonds, platinum, gemstones and silver. Jewelry as term can be defined as a term used for objects made out of valuable metals and stones designed for adornment or decoration of the body. Such objects can be precious or semiprecious stones, shells, diamonds, metals like copper, gold, silver used for carving and designing ornaments majorly worn by women around the globe. Such ornaments or jewelry can be in the form of necklaces, rings, bracelets, earrings, brooches etc.

According to the report, "Global Gems and Jewelry Market Analysis By Product Type (Gold, Diamond, Platinum, Gems, Others), Sales Channel (Online, Retail, Jewelry Stores), By Region, By Country: Opportunities and Forecast (2017-2022)" by Research and Markets, global gems and jewellery market is anticipated to exhibit a healthy growth of over 4.73% during 2017-2022, chiefly driven by supportive legislations regarding the authenticity of the jewellery, aggressive marketing and promotional strategies by leading jewellery companies and rising women employment and resultant dual household budgets, elevated spendable income and its demand for religious and customary purposes.

Over the next five years, demand and growth for synthetic diamonds, jewelry products crafted by infusing digital analytics and body tracking techniques with traditional jewellery, use of nano-technology, cadmium free electroforming, motorized drilling & polishing and anti-tarnish solutions, all enabling easy crafting and design and a perpetual use of jewelries.

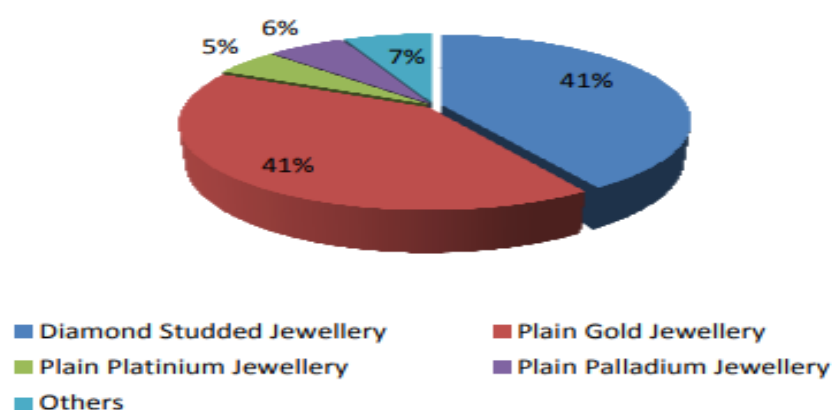
Regions accounting for major share of gems and jewelry market in 2016 are the Asia-Pacific. However, Rest of



the World is forecasted to gain major share in 2022 as the region (comprising countries like Brazil, Saudi Arabia, UAE, and South Africa) account for sizeable number of high net worth population, robust legislative measures and its implementation, and the existence of big jewelry companies with substantial financial wherewithal to invest in marketing and promotional activities as well as undertake synergic investments like merger, acquisitions and even R&D activities inclining to propel the market.

(Source: <https://www.researchandmarkets.com/reports/4436343/global-gems-and-jewelry-market-analysis-by#pos-1>)

United States (US) and Japan primarily are markets for diamond studded jewellery, while China, India, Turkey and Middle East have traditionally displayed preference for gold jewellery, although the demand for diamond studded jewellery from these markets too have grown over the last decade



Source: Industry estimates and CARE Ratings

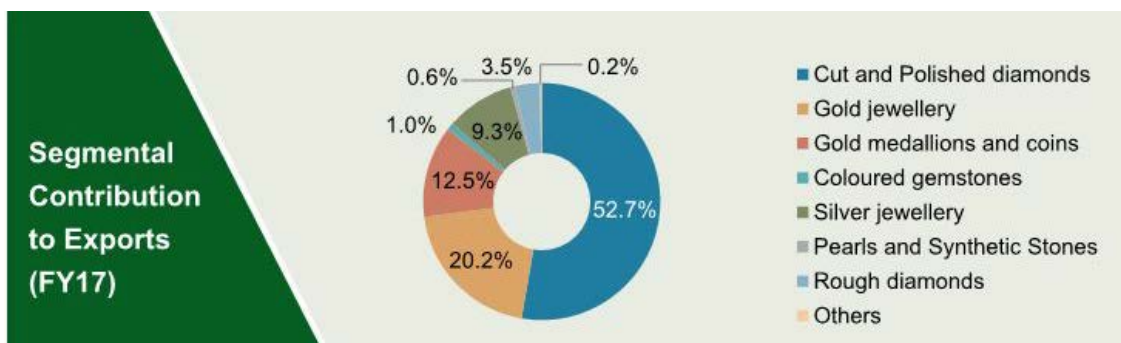
## INDIAN GEMS AND JEWELLERY INDUSTRY

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 7 per cent of the country's GDP and 15.71 per cent to India's total merchandise exports. It also employs over 4.64 million workers. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.

India is deemed to be the hub of the global jewellery market because of its low costs and availability of high-skilled labour. The Government of India has viewed the sector as a thrust area for export promotion. The Indian government presently allows 100 per cent Foreign Direct Investment (FDI) in the sector through the automatic route.

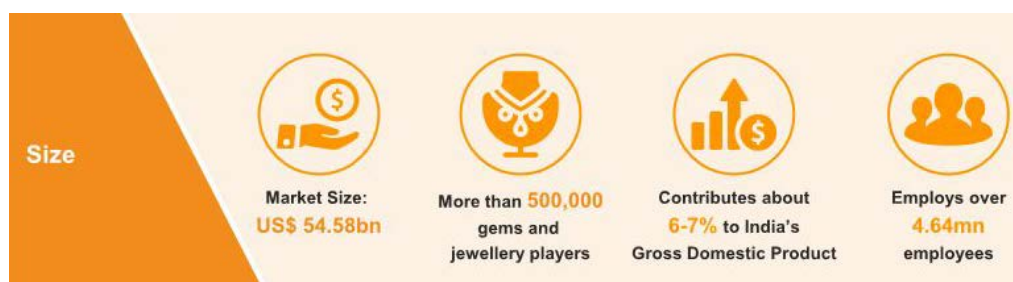
Gems & Jewellery Industry in India can be divided in the following subsectors:

- Gold, Silver & Platinum Jewellery
- Diamonds
- Gemstones
- Pearl



(Source: <https://www.ibef.org/uploads/industry/Infographics/large/Gems-and-jewellery-infographic-November-2017.jpg>)

The Gems and Jewellery sector plays a significant role for the Indian economy and is home to more than 500,000 gems and jewellery players, contributing around 7 per cent of the country's GDP and 15.71 per cent to India's total merchandise exports and the sector has grown at a CAGR of over 14.8% over the last 50 years. India's gems and jewellery sector is one of the largest in the world contributing 29% to the global jewellery consumption. Its market size is about USD 60 billion as of 2017 which is expected to reach USD 110 billion by 2022. It also employs over 4.64 million workers and is expected to provide employment opportunities to more than 8.2 million workers by 2022. One of the fastest growing sectors, it is extremely export oriented and labour intensive. Based on its potential for growth and value addition, the Government of India has declared the Gems and Jewellery sector as a focus area for export promotion. The Government has recently undertaken various measures to promote investments and to upgrade technology and skills to promote 'Brand India' in the international market.



(Source: <https://www.ibef.org/uploads/industry/Infographics/large/Gems-and-jewellery-infographic-November-2017.jpg>)

(Source: <https://www.ibef.org/industry/gems-jewellery-india.aspx>)

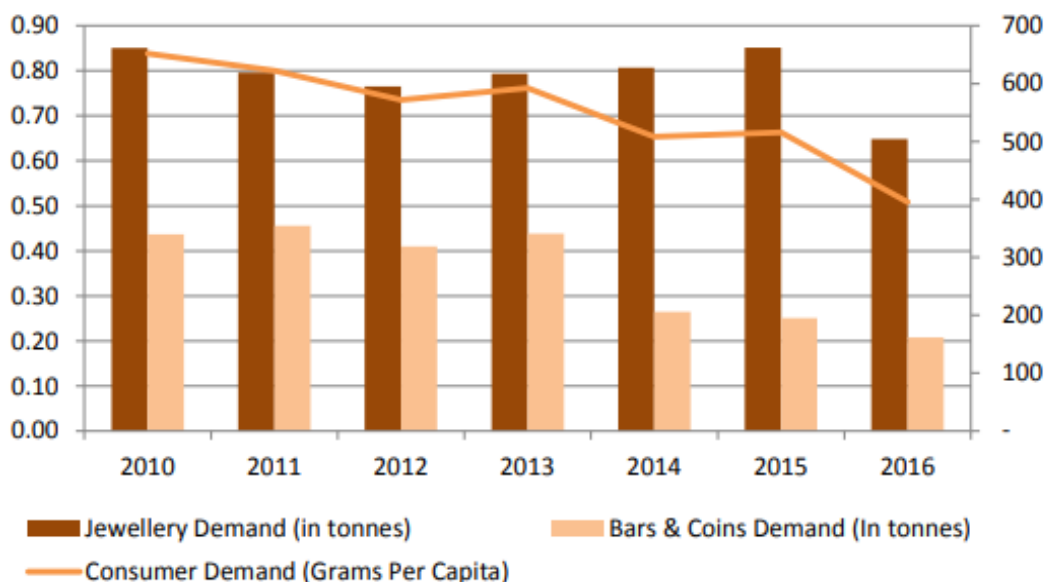
### Domestic Consumption:

Domestic consumer demand for gold saw a decline of ~22% in 2016 to ~666 tonnes as against ~857 tonnes in 2015. The gold jewellery demand was at ~505 tonnes and demand for bars and coins was at ~162 tonnes in 2016. The drop in demand was more pronounced in case of gold jewellery, wherein there was a ~24% drop reported in 2016 over 2015. The bars and coins demand dropped by ~17% in 2016 over the previous year. The drop in demand can be mainly attributed to jewelers strike in the early part of the year on account of 1% excise duty which was levied on jewellery manufacturing and PAN card requirement for gold purchases above ₹ 2 Lakh. Further, the rural community was the hardest hit by cash crunch on account of demonetization which led to decline in gold demand in last quarter of 2016. There was also some shift towards sovereign gold bonds scheme, which was introduced in November 2015. The first quarter of 2017, however saw some revival with a 15% growth y-o-y primarily driven by jewellery demand. Factors such as monsoon, growth in rural income, gold and diamond prices and implementation of GST (with levy of 3% on precious metals and precious jewellery) would determine the domestic demand in 2017. Going forward, favourable demographics and improved consumer sentiment coupled with increased in availability of gold and expansion of retail network by organized players would lead to 5% - 6% growth in the gold jewellery demand in volume terms over the medium term to long term. However, it would be interesting to note that the per capita consumption of gold (in terms of grams per capita) has been reducing continuously overtime with increase in gold prices and with shift in preference of the current generation towards other avenues of investments as against gold.



(Source: <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)

### Trend in Consumer Demand for Gold in India vis-a-vis Jewellery Demand



Source: World Gold Council

(Source: <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)

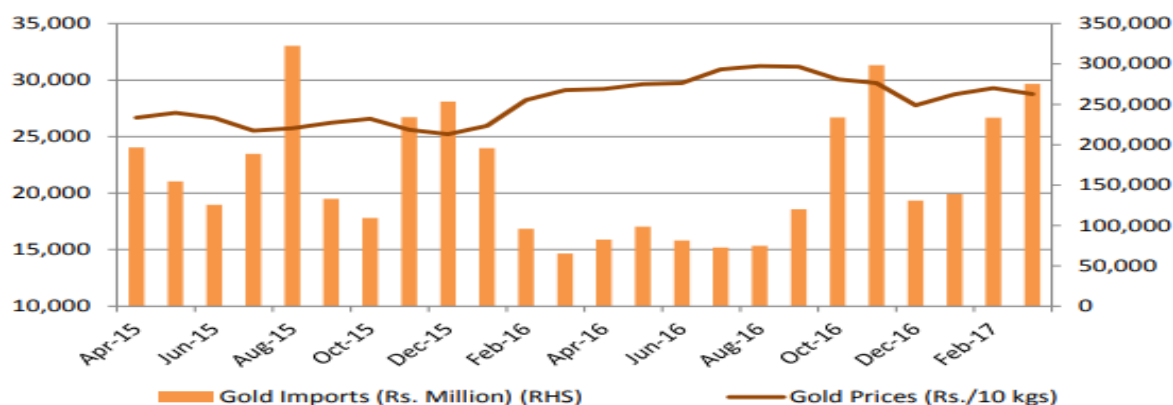
### Imports into India:

Jewellery imports are insignificant as compared to jewellery exports and are poised to see further decline. In FY 2017, jewellery imports in rupee terms amounted to ~ ₹ 22 Billion. India is the largest consumer of gold, however the production of gold in India has been in the range of 2-4 tonnes and hence almost the entire gold consumed in India is imported. In FY17, the gold import in rupee terms dropped by ~11% y-o-y at ~₹ 1,844 billion. (In USD terms the drop was more pronounced at ~14% y-o-y in FY17). In FY16, gold imports in rupee terms had seen a drop of 1.5% y-o-y. In terms of volume, gold imports in FY17 dropped by ~19% y-o-y. In the previous year gold imports in volume terms had exhibited ~6% growth. Most of the gold imports into India were sourced through Switzerland followed by UAE. Q1 imports were down by around 50% y-o-y as retailers and fabricators reduced orders ahead of the Union Budget. The jewellery trade had built up healthy inventories during 2017 and, as imports shrank, these were used to meet a good portion of demand. Larger, national and regional chain stores reported better sales than smaller, single-store and medium retailers. This part of the market has acclimatized most quickly and easily to the introduction of GST. In Titan's recent Q4 FY 2017-18 update, its Vice-President, AR Rajaram, noted that 'Regulatory developments like GST implementation will pose serious challenges for the jewellery industry in India. The same situations will prove to be tail winds for organized corporate jewellers.





**Chart 10: Trend in Gold Imports and Prices:**



Source: CMIE

(Source: <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)

(Source: <https://www.ibef.org/industry/gems-jewellery-india.aspx>)

**Imports of raw materials for gems & jewellery during April - May '2018 as compared last year**

Items	May-18		April-May 2018		May-17		April- May 2017		April- May 2017		% Growth / decline		% Growth / decline	
	(Provisional)		(Provisional)		( Same Ports )		( Same Ports )		(Imports all ports)		May-18		April-May '2018	
	Rs. In Crores	US\$ In Million	Rs. In Crores	US\$ In Million	Rs. In Crores	US\$ In Million	Rs. In Crores	US\$ In Million	Rs. In Crores	US\$ In Million	Rs %	US\$ %	Rs %	US\$ %
Rough Diamonds (Gross)	10459.44	1548.63	20413.39	3065.08	12008.80	1864.14	23248.36	3606.44	23248.36	3606.43	-12.90	-16.93	-12.19	-15.01
(Quantity- Lakh Cts)	169.24		323.29		180.99		350.23		350.23		-6.49		-7.69	
Rough Coloured Gemstones	114.77	16.99	209.31	31.39	455.59	70.72	790.57	122.65	790.57	122.67	-74.81	-75.98	-73.52	-74.41
Raw Pearls	3.76	0.56	8.96	1.35	1360.56	211.20	2511.78	389.66	2511.78	389.65	-99.72	-99.73	-99.64	-99.65
Rough Synthetic Stones	76.98	11.40	146.38	21.97	143.28	22.24	230.20	35.71	230.20	35.73	-46.27	-48.74	-36.41	-38.48
Gold Bar	5581.36	826.38	10106.38	1515.75	660.50	102.53	1784.59	276.78	2923.36	453.51	745.02	705.99	466.31	447.64
Silver Bar	19.58	2.90	29.15	4.36	19.27	2.99	39.01	6.05	46.14	7.16	1.62	-3.01	-25.28	-27.93
Platinum	43.38	6.42	79.83	11.97	19.16	2.97	32.29	5.00	32.29	5.02	126.41	116.16	147.25	139.40
TOTAL - A	16299.28	2413.28	30993.39	4651.87	14667.17	2276.79	28636.79	4442.29	29782.69	4620.17	11.13	5.99	8.23	4.72
II. Import of Cut & Pol Diamond														
SEZ (All over India)	250.74	37.12	490.55	73.66	498.09	77.32	926.94	143.80	926.94	143.79	-49.66	-51.99	-47.08	-48.78
(Quantity- Lakh Cts)	1.01		1.97		0.90		1.73		1.73					
Bonded Ware House	62.87	9.31	153.09	23.06	190.16	29.52	338.14	52.46	338.14	52.46	-66.94	-68.46	-54.73	-56.04
(Quantity- Lakh Cts)	0.43		0.69		0.75		1.26		1.26					
Mumbai (DTA)	297.00	43.97	697.90	105.05	684.17	106.20	1228.64	190.60	1228.64	190.60	-56.59	-58.60	-43.20	-44.88
(Quantity- Lakh Cts)	1.07		3.36		3.70		7.04		7.04					
Others DTA	1.06	0.16	1.61	0.24	4.28	0.66	5.37	0.83	5.37	0.83	-75.23	-75.76	-69.97	-71.08
(Quantity- Lakh Cts)	0.00		0.00		0.00		0.00		0.00					
Surat DTA	17.04	2.52	36.18	5.44	198.24	30.77	268.95	41.73	268.95	41.73	-91.4	-91.81	-86.55	-86.96
(Quantity- Lakh Cts)	0.15		0.25		0.57		0.77		0.77					
TOTAL - B	628.70	93.08	1379.34	207.45	1574.94	244.47	2768.05	429.42	2768.05	429.41	-60.08	-61.93	-50.17	-51.69
III. Import of Other Items														
Gold Jewellery	164.66	24.38	328.27	49.30	114.68	17.80	321.88	49.92	321.88	49.94	43.59	36.97	1.98	-1.24
Silver Jewellery	33.99	5.03	68.37	10.27	24.09	3.74	44.74	6.94	44.74	6.94	41.1	34.49	52.84	47.98
Col. Gemstones	80.79	11.96	145.03	21.75	351.87	54.62	746.92	115.86	746.92	115.85	-77.04	-78.1	-80.58	-81.23
Synthetic Stone	54.13	8.01	104.31	15.65	73.11	11.35	168.16	26.08	168.16	26.09	-25.96	-29.43	-37.97	-39.99
Pearls	3.56	0.53	5.41	0.81	921.45	143.04	5421.72	840.65	5421.72	840.63	-99.61	-99.63	-99.9	-99.9
Costume/Fashion Jewellery	0.41	0.06	1.08	0.16	0.17	0.03	0.74	0.12	0.74	0.11	147.72	100	45.85	33.33
TOTAL - C	337.54	49.97	652.48	97.94	1485.37	230.58	6704.17	1039.57	6704.17	1039.56	-77.28	-78.33	-90.27	-90.58
GRAND TOTAL (A+B+C)	17265.52	2556.34	33025.22	4957.26	17727.48	2751.86	38109.00	5911.28	39254.90	6089.14	-2.61	-7.11	-13.34	-16.14
NOTE:														
1. Figures in bracket shows quantity in lakh carats.										Exchange rate 1 US\$		67.54 May, 2018	64.42 May, 2017	
2. Above Figures for Rough Diamonds are Gross Imports (without subtracting export of rough diamonds)										(As per RBI average exchange rate)				
I) Figs for Gold Bar from Union Bank of India, Bank of Nova Scotia & Bank of India May 2018 & State Bank of India &MMTC not included in April-May 2018														

(Source: [https://giepc.org/admin/StatisticsExport/2060625354\\_export\\_gem\\_jewellery%20May%2018.pdf](https://giepc.org/admin/StatisticsExport/2060625354_export_gem_jewellery%20May%2018.pdf))





## Exports from India:

India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. UAE, US, Russia, Singapore, Hong Kong, Latin America and China are the biggest importers of Indian jewellery. The Goods and Services Tax (GST) and monsoon will steer India's gold demand going forward.

(Source: <https://www.investindia.gov.in/sector/gems-and-jewellery>)

Exports of gems & jewellery during April - May '2018 as compared to last year														
Items	May-18		April-May 2018		May-17		April-May 2017		April-May 2017		% Growth / Decline over prevs yr			
	(Provisional)		(Provisional)		(Same Ports)		(Same Ports)		(Actual Exports All Ports)		May-18		April-May 2018	
	Rs. in	US\$ in	Rs. in	US\$ in	Rs. in	US\$ in	Rs. in	US\$ in	Rs. in	US\$ in	Rs	US\$	Rs	US\$
	Crores	Million	Crores	Million	Crores	Million	Crores	Million	Crores	Million	%	%	%	%
Cut & Pol Diamonds	14952.37	2213.85	28046.00	4208.61	13180.39	2046.01	24464.45	3795.21	24464.45	3795.20	13.44	8.2	14.64	10.89
(Quantity - Lakh Cts)	28.57		56.30		33.66		57.39		57.39					
Gold Jewellery	7865.00	1164.50	13858.62	2077.61	3370.86	523.26	7308.07	1133.58	7817.64	1212.67	133.32	122.55	89.63	83.28
Gold Medallions & Coins	355.66	52.66	804.68	121.07	2933.77	455.41	6505.01	1009.00	6505.01	1009.01	-87.88	-88.44	-87.63	-88.00
Coloured Gemstones	249.20	36.90	378.90	56.66	194.50	30.19	359.81	55.82	359.81	55.82	28.12	22.23	5.31	1.5
Silver Jewellery	291.57	43.17	519.10	77.83	4809.59	746.60	9778.14	1516.80	9778.16	1516.78	-93.94	-94.22	-94.69	-94.87
Pearls	0.47	0.07	0.70	0.10	0.71	0.11	1.63	0.25	1.63	0.26	-33.72	-36.36	-57.25	-60.00
Synthetic Stones	129.98	19.24	230.66	34.58	60.29	9.36	154.48	23.96	154.48	23.95	115.61	105.56	49.32	44.32
Costume & Fashion Jewellery	37.90	5.61	73.83	11.08	32.80	5.09	67.36	10.45	67.50	10.45	15.55	10.22	9.6	6.03
Sub - Total	23882.14	3536.00	43912.49	6587.54	24582.91	3816.04	48638.96	7545.07	49148.68	7624.14	-2.85	-7.34	-9.72	-12.69
Exports of Rgh-Diam	786.95	116.52	1295.46	193.99	814.65	126.46	1584.39	245.78	1584.39	245.78	-3.4	-7.86	-18.24	-21.07
(Quantity in Lakh Cts)	28.44		55.91		27.02		57.15		57.15		5.26		-2.17	
Others	60.97	9.03	90.21	13.48	119.01	18.47	125.27	19.44	125.27	19.44	-48.77	-51.11	-27.98	-30.66
Gross Exports	24730.07	3661.55	45298.16	6795.01	25516.56	3960.97	50348.62	7810.29	50858.35	7889.36	-3.08	-7.56	-10.03	-13.00
Return Consignment Others	203.30	30.10	400.05	60.07	220.35	34.21	557.76	86.51	557.76	86.51	-7.74	-12.01	-28.27	-30.56
Return Consignment CPD	3811.85	564.38	7195.01	1079.79	3094.08	480.30	6198.00	961.45	6198.00	961.45	23.20	17.51	16.09	12.31
Net Exports	20714.91	3067.07	37703.10	5655.15	22202.13	3446.46	43592.86	6762.33	44102.59	6841.40	-6.70	-11.01	-13.51	-16.37
NOTE:							Exchange rate 1 US\$		67.54	May. 2018	64.42	May. 2017		

(Source: [https://gjepec.org/admin/StatisticsExport/2060625354\\_export\\_gem\\_jewellery%20May%2018.pdf](https://gjepec.org/admin/StatisticsExport/2060625354_export_gem_jewellery%20May%2018.pdf))

The jewellery exports constituted ~28% of the total value of total gems & jewellery exports from India. Of this gold based jewellery formed ~19% and silver based jewellery formed ~9% of the total export value. In FY17, the total jewellery exports in rupee terms exhibited a growth of 13% over the previous year to ~₹ 800 billion. This was on back of ~11% y-o-y drop in FY16 and ~23% y-o-y growth in FY15. (In USD terms, the y-o-y growth was ~10% in FY17). The growth was primarily led by increase in gold prices especially in local currency terms. In terms of volumes, the jewellery exports growth was much lower at ~3% y-o-y in FY17. This was on back of flat jewellery export volumes in the previous year and ~11% y-o-y growth in jewellery export volumes in FY15. UAE was the largest export destination in value terms followed by Hong Kong, while US was the largest export destination in terms of volume. This is because of the product mix difference in the exports to US, as compared to UAE and Hong Kong. UK was the other major jewellery export destination



- **Trend in Jewellery Exports and Realizations**

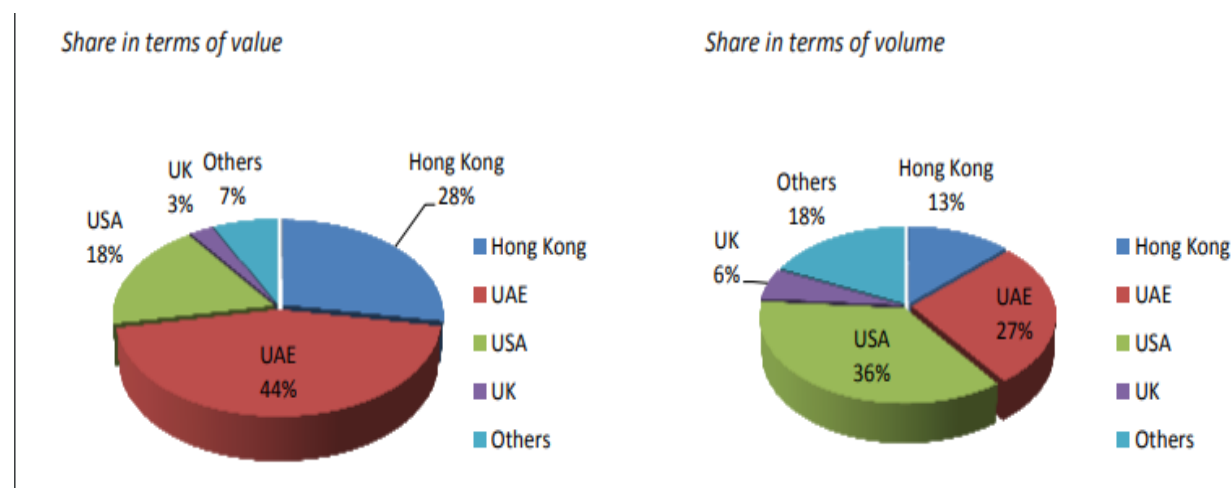


Source: CMIE

Over the last two years the country has also seen some jump in exports of gold coins and medallion. In FY17, the gold coin and medallion exports in rupee terms amounted to ~₹ 356 billion. In the previous year the same was at ~₹ 288 billion.

(Source: <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)

- **Share of Major Jewellery Export Destination in Value and Volumes (in tones)**



(Source: <http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20%20Insights%20%20and%20Prospects.pdf>)

## INTRODUCTION OF GOLD

The modern gold market is a picture of diversity and growth. Since the early 1970s, the volume of gold produced each year has tripled, the amount of gold bought annually has quadrupled and gold markets have flourished across the globe. Gold is now bought by a far more diverse set of consumers and investors than at any previous time in history. The demand for gold and jewellery can be in the following sectors:



- **Jewellery demand**

Gold jewellery represents the largest source of annual demand for gold per sector. This has declined over recent decades, but it still accounts for around 50% of total demand. India and China are by far the largest markets, in volume terms, together accounting for over 50% of current global gold demand. Gold has emotional, cultural and financial value and different people across the globe buy gold for different reasons, often influenced by a range of national socio-cultural factors, local market conditions and wider macro-economic drivers.

- **Investment demand**

Gold has unique properties as an asset class. Modest allocations to gold can be proven to protect and enhance the performance of an investment portfolio. Even so, globally, gold still only makes up less than one per cent of investment portfolios. However, this is changing and investors of all sorts are coming to accept gold as a reliable, tangible long-term store of value that has moved independently of other assets. The annual volume of gold bought by investors has increased by at least 235% over the last three decades.

- **Central bank demand**

The past decade has seen a fundamental shift in central banks' behaviour with respect to gold, prompted by reappraisal of its role and relevance after the 2008 financial crisis. Emerging market central banks have increased their [official gold purchasing](#), while European banks have ceased selling, and the sector now represents a significant source of annual demand for gold. Central Banks sold 7,853 tonnes of gold between 1987 and 2009; between 2010 and 2016 they bought 3,297 tonnes.



(Source: <https://www.gold.org/about-gold/gold-demand/sectors-demand>)

## **POLICIES, LIAISON INITIATIVES AND INVESTMENTS**

### **Government Liaison and Representation**

As the singular apex body of the gems and jewellery export industry in India, the GJEPC is the voice of the industry, taking its issues to the government and seeking appropriate measures for resolving them.

It also makes representations to the GoI from time to time for policy intervention and to shape the EXIM policy of the country. It plays an advisory role when the Government calls upon it for information or advice on matters related to the gems and jewellery industry internationally.

(Source: [https://gjepec.org/about\\_us.php](https://gjepec.org/about_us.php))

### **Government Initiatives**

- The Government of India would notify a new limit for reporting about transactions in gold and other precious metals and stones to authorities, to avoid the parking of black money in bullion.
- The Bureau of Indian Standards (BIS) has revised the standard on gold hallmarking in India from January 2018. The gold jewellery hallmark will now carry a BIS mark, purity in carat and fineness as well as the unit's identification and the jeweller's identification mark. The move is aimed at ensuring a quality check on gold jewellery.
- The Government of India has planned to set up a Common Facility Center (CFC) at Thrissur, Kerala.



- The Gems and Jewellery Export Promotion Council (GJEPC) signed a Memorandum of Understanding (MoU) with Maharashtra Industrial Development Corporation (MIDC) to build India's largest jewellery park in at Ghansoli in Navi-Mumbai on a 25 acres land with about more than 5000 jewellery units of various sizes ranging from 500-10,000 square feet. The overall investment of Rs 13,500 crore (US\$ 2.09 billion).

#### **FDI Policy:**

100% Foreign Direct Investment (FDI) through automatic route is allowed in the sector.

#### **Fiscal incentives**

- Customs duty on import of Imitation Jewellery increased from existing level of 10% to 15% with the view to protect local manufacturers (Budget 2016-17).
- In order to provide clarity, section 10AA of the Income-tax Act has been amended to provide a sunset date of March 31, 2020 for commencement of activity of manufacture or production of any article or thing or providing services by a unit located in a Special Economic Zone (SEZs) for availing the deduction under the section.
- The Small Scale Industry (SSI) eligibility limit has been raised from INR 12 crore to INR 15 crore
- SSI exemption limit has been raised to INR 10 crore as against INR 6 crore in a financial year.
- A separate Harmonised Systems Code (HS Code) for lab-grown diamonds has been issued. (Budget 2016-17). This would help create a fair trade environment for natural and lab-grown diamonds.
- Exporters of Imitation Jewellery segment are being incentivized under Interest Equalization Scheme and Merchandise Exports from India Scheme (MEIS). – Exports of notified goods/products to notified markets, is rewarded under MEIS in form of Duty Credit Scrips. The MEIS reward rate for Imitation Jewellery is 5%. – Interest Equalisation Scheme (previously known as Interest Subvention Scheme) on Pre & Post Shipment Rupee Export Credit was approved with effect from 1st April, 2015 for five years. Under the scheme, Banks reduce the interest rate charged to the eligible exporters as per extant guidelines on interest rates on advances by the rate of interest equalization. The current rate of interest equalisation is 3 %.

(Source: <https://www.investindia.gov.in/sites/default/files/2018-04/Gems%20and%20Jewellery%20Sector%20Achievements%20Report%202017.pdf> )



(Source: <https://www.ibef.org/uploads/industry/Infographics/large/Gems-and-jewellery-infographic-November-2017.jpg>)

#### **Gold Monetization Scheme, 2015**

The Gold Monetization Scheme (GMS) in the form of Gold Deposit Scheme (DPS) and Gold Metal Loan (GML), launched in November 2015, allows individuals, trusts and mutual funds to deposit gold with banks in return for interest. This is helping reduce dependence on gold imports and alleviate pressure on trade balance.



The designated banks accept gold deposits under the Short Term (1-3 Years) Bank Deposit as well as Medium (5-7 years) and long (12-15 years) Term Government Deposit Schemes. The Government also launched the Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold are issued to individuals by the Reserve Bank of India (RBI) in consultation with Ministry of Finance.

- Mr. Arun Jaitley, Minister of Finance, Government of India, launched the Gold Monetization Scheme in November 2015. This scheme enables individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.
- The designated banks accept gold deposits under the Short Term (1-3 Years) Bank Deposit as well as Medium (5-7 years) and long (12-15 years) Term Government Deposit Schemes.

(Source: <https://www.investindia.gov.in/sector/gems-and-jewellery>)

## ROAD AHEAD AND OUTLOOK OF THE INDUSTRY

In the coming years, growth in Gems and Jewellery sector would be largely contributed by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Online sales are expected to account for 1-2 per cent of the fine jewellery segment by 2021-22. Also, the relaxation of restrictions of gold import is likely to provide a fillip to the industry. The improvement in availability along with the reintroduction of low cost gold metal loans and likely stabilization of gold prices at lower levels is expected to drive volume growth for jewelers over short to medium term. The demand for jewellery is expected to be significantly supported by the recent positive developments in the industry.

- Retail jewellery segment in the country is expected to see double digit growth rates in revenue in FY18 on back of regulatory headwinds fading out and continued favorable demographics. Margins of retail players are expected to see improvement over medium term with availability of gold metal loans and increase in share of higher margins diamond and precious stone studded jewellery.
- Branding would continue to gain significance. Share of national and regional organized jewellery retailers is expected to grow.
- Retailers are also expected to see some benefit from the revival of the gold savings scheme and increase in limit of the amount collectible under the scheme to 35% of net worth.
- Overall domestic gems & jewellery demand would see a growth of 6% - 7% in volume terms over a medium term.
- Globally gems & jewellery would see mix consumption pattern with more people moving up in some parts of the world to higher carat and higher value pieces on one hand; and price war at the lower end of the market.

(Source: <https://www.ibef.org/industry/gems-jewellery-india.aspx> and [http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20\\_%20Insights%20%20and%20Prospects.pdf](http://www.careratings.com/upload/NewsFiles/SplAnalysis/Gems%20%20Jewellery%20Sector%20_%20Insights%20%20and%20Prospects.pdf))





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## OUR BUSINESS

*This chapter should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the sections titled 'Risk Factors', 'Financial Information' and the chapter titled 'Management Discussion and Analysis of Financial Condition and Results of Operations' beginning on page nos. 10, 131 and 152 respectively of this Draft Prospectus.*

*Unless the context otherwise requires, in relation to business operations, in this chapter of this Draft Prospectus, all references to "we", "us", "our" and "our Company" are to Sky Gold Limited.*

### Overview

Our Company, Sky Gold Limited, is engaged in the business of designing, manufacturing and marketing of Gold jewellery since its incorporation. We mainly deal in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We have the ability to create localised product design mixes to suit various regional tastes. We cater to our customers' unique preferences, through our understanding of the local and regional market. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

Currently, we cater to a large number of wholesalers, showrooms and retailers who buy our products in bulk quantities. Due to our diversity of clients and the varied regions each of our clients cater to, we have developed an ability to design our jewellery products as per latest trends, fashion and demographic preference of the end customers. We offer a wide range of products from gold jewellery for special occasions such as weddings and festivals to daily wear jewellery for all ages, genders and across various price points. We cater to a variety of customers across mid-market and value market segments and our products are designed by our in-house team of creative designers and also certain freelance designers, allowing us to manage a large and diverse portfolio of designs. Our product range includes necklaces, rings, pendants, bracelets, earrings and bangles and customized jewellery based on customer demand. Besides, various clients in Mumbai and nearby areas, we also cater to various jewellery brands. We have incorporated the latest technology for our manufacturing facility which reduces our turnover time from order receipt to delivery to just 72 hours.

We have a dedicated and talented design team, focused on developing new products and designs that meet customers' requirements. We also customise jewellery for individual needs. Our in-house designers and freelance designers are skilled in 'Computer Aided Design' (CAD) who develop our designs for the purpose of manufacturing. Our designers focus on developing new products and designs that meet customers' needs as per their specifications. Our designers are up-to-date with the latest trends and fashion in the market and constantly provide designs for new ornaments regularly.

Our Promoters, after amassing more than 5 years of experience in the gems and jewellery industry with local jewellery manufacturing and marketing companies, had started their own venture as a partnership firm and later incorporated our Company in the year 2008. We believe the experience of our Promoters and senior management has been critical to our success and business growth and has translated into the enhancement of our jewellery quality, increased profitability and improved margins which give us a competitive edge. The strong relationships that our Promoters and senior management share with our suppliers and other industry participants have been instrumental in implementing our growth strategies.

We have implemented quality control practices across the value chain to ensure that we sell gold jewellery upto 22 karats in line with the quality and purity metrics as prescribed by our customers. Various quality control practices are followed during manufacturing of our jewellery. Our QC / QA team comprises of 4 dedicated personnel who are responsible for the every minute detail of the product, including its design, polish, size and purity.

We operate from a 2,740 sq. ft. sole manufacturing facility which is located in the heart of Mumbai city in Mulund (West) where we make casting based jewellery using rubber dye, wax moulds and machines. We have our central sales offices at Mumbai which looks after the overall marketing of our products. Besides, we have also set-up sales offices in Kerala and Telangana to offer better concentration and service in Southern regions of India. We have also recently begun export operations which are handled by our Mumbai sales office.





Our business has grown rapidly in recent years. In the past three (3) years, though there was a decrease in revenue from ₹ 18,331.31 lakhs in the F. Y. 2015-16 to ₹ 16,441.05 lakhs in the F. Y. 2016-17 i.e. 10.31% due to decreasing gold prices, we have recorded an increase in revenues in the F. Y. 2017-18 to ₹ 54,886.27 lakhs, showing an increase of 233.84%. Our Net Profit after tax for the above mentioned periods are ₹ 94.03 lakhs, ₹ 93.93 lakhs and ₹ 262.64 lakhs, respectively.

Between F. Y. 2013-14 and F. Y. 2017-18, our total revenue grew at a CAGR of 41.65% from ₹ 9,624.74 lakhs for F. Y. 2013-14 to ₹ 54,886.27 lakhs for F. Y. 2017-18, EBITDA grew at a CAGR of 16.42% from ₹ 359.85 lakhs for F. Y. 2013-14 to ₹ 769.71 lakhs for F. Y. 2017-18 and our PAT grew at a CAGR of 32.80% from ₹ 63.59 lakhs for F. Y. 2013-14 to ₹ 262.64 lakhs for F. Y. 2017-18.

## OUR STRENGTHS



### ***Wide product range***

Our Company is in the business of manufacturing casting based 22 Karat gold jewellery studded with American diamonds and coloured stones. The Company's product portfolio includes Finger Rings, Earrings, Pendants, Fancy Pendant sets, Double Hook Pendants, Bracelets, Necklaces, and Bangles etc. The Company specializes in casting based 22 Karat gold jewellery studded with American Diamonds and coloured stones. These studded jewellerys are extremely popular as the American Diamonds and coloured stones are much cheaper than solitaire and precious / semi-precious gems.

Our products are suitable for all age groups and our product portfolio, which is designed by our in-house designers and certain inputs from freelance designers, allows us to manage a large and diverse portfolio of designs, including traditional, contemporary and fusion designs across jewellery lines, usages and price points.

### ***Experienced management and well trained and trustworthy employee base***

Our Promoters, Mr. Mangesh Chauhan, Mr. Darshan Chauhan and Mr. Mahendra Chauhan have been engaged in the jewellery business for over a decade and have a proven background and rich experience in the field. Over the years our Promoters have increased and expanded our Company's scale of operations manifold. For further details of our Promoter's experience and background, please refer the chapter titled "*Our Promoter and Promoter Group*" and "*Our Management*" on page nos. 124 and 111 of this Draft Prospectus respectively.

Further, our Company is managed by a team of experienced, well trained and trustworthy personnel. The team comprises of personnel who have technical, operational and business development experience. We believe that



our management team's experience and their understanding of jewellery business will enable us to take advantage of both current and future market opportunities. It is also expected to help us in addressing and mitigating various risks inherent in our business, including significant competition, reliance on independent agents, and fluctuations in gold jewellery and bullion prices.

#### ***Strong understanding of customer preference***

We believe that we can appeal to our customers through our understanding of market preferences, and experience. We offer jewellery designs based on the general trends and specific customer requirements. We believe that our understanding of preferences and tastes coupled with variety of designs and jewellery offered by us, provides us with a competitive advantage in the markets in which we currently operate. Through our strategy of catering to different preferences, we believe that we are able to effectively compete with both unorganised and organised jewelers by establishing customer rapport at a local level.

#### ***Established marketing setup***

Over the years we have established a strong customer base and an unyielding marketing setup. Our success lies in the strength of our relationship with our customers who have been associated with our Company for a long period. Our Sales & Marketing team is headed by Mr. Vinesh Mehta who operates under direct supervision of our Directors, Mr. Darshan Chauhan and Mr. Mangesh Chauhan. Through their vast experience and excellent rapport with clients, Mr. Darshan Chauhan and Mr. Mangesh Chauhan play an instrumental role in creating, maintaining and expanding the customer base for our Company. Our reputation of timely delivery and quality of 22 karat jewellery has helped us retain our clients and is instrumental in expanding our base towards new clients. We have developed and are continuously developing a marketing network across various states in India. We have also recently started exporting our products to gulf region and will be developing further business relationships. .

We have an efficient sales & marketing team which consists of well experienced and professional people to develop, maintain and increase relations with our customers. Our marketing team also plays an important role in the development of new designs based on their study and feedback on latest fashion trends. We retain our existing customers by providing them quality, timely delivery, maintaining design confidentiality and also suggesting them value added propositions.

#### ***Fully integrated manufacturing facility***

We carry on all our core jewellery manufacturing activities in-house and there is no substantial dependence on job-work or external manufacturing, except a small process of CAM which provides us with a Master sample of our jewellery design. Our manufacturing facility is mainly headed by our Director Mr. Mahendra Chauhan and is a fully integrated and self-sufficient facility. The basic raw materials such as gold bullion, alloy and consumables are readily available in Mumbai and nearby areas. Further, all other utilities like water, fuel, power and human resources have posed no hurdle till date. All the equipments required for manufacturing the products are in place.

We have one manufacturing facility located at Unit No. 1-01, 1-02 and 1-03, Raja Industrial Estate, Raja Industrial Premises Co-Operative Society Ltd., P K Road, Mulund (West), Mumbai where we make casting based jewellery using rubber dye, wax moulds and machines. We are engaged in the complete value chain of the manufacturing process from designing of jewellery from hand drawing to CAD to manufacturing to selling of finished products.

#### ***Strategic location of manufacturing facility and sales offices***

Our Company's manufacturing facility is located in Mulund, Maharashtra. Our sales offices are located in Mumbai, Kerala and Telangana.

Our manufacturing facility and sales offices are strategically located as below:

- Our Registered Office cum manufacturing facility is located in Mulund (West), Mumbai and has easy and secure access via road for transporting our raw material and finished products.



- Our Corporate Office cum Sales Office is located near Zaveri Bazar, i.e. the heart of the jewellery hub in Mumbai.
- For better concentration and service in the South India region we have started sales offices in the states of Telangana and Kerala.
- Skilled and semi-skilled workers are easily available in Thane, Maharashtra in view of the large number of existing and upcoming manufacturing industries / sectors in these areas.

**For risks related to our business, our Company and our industry, see “Risk Factors” on page no. 10 of this Draft Prospectus.**

## **OUR STRATEGIES**

Our strategic objective is to improve and consolidate our position as a B2B jewellery manufacturer and also to step-up our exports. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis.



### ***Augment our fund based capacities in order to scale up business operation***

Our business operations are working capital intensive. In order to effectively expand our Business arenas and also diversify our operations in various geographical locations, along with the existing facilities we need to have access to a larger amount of liquid funds and sufficient working capital. Our raw materials purchase mainly includes gold bullion which require immediate payment to our suppliers, firstly to avoid fluctuation in gold prices and secondly to maintain relationship with our suppliers for smooth inflow of such raw materials. However, our customers include small and large wholesalers and retailers, to whom we need to give a certain credit period, thus affecting our working capital requirement.

We expect to increase our volumes, revenues and scale of operations and we will require substantial working capital for the same. It is hence our strategy to raise funds from this issue and augment our fund based working capital capabilities. We believe that companies with high liquidity on their balance sheet would be able to better exploit market opportunities in short term as well as longer duration services in our business. Our Company may



also explore possibilities for utilising the available capital to increase physical presence by setting-up sales offices in various regions in India in the future. For further details regarding the working capital being raised through this Issue, please refer to section “*Objects of the Issue*” on page no. 60 of the Draft Prospectus.

#### ***Improving Debt – Equity Ratio***

Our Company has obtained unsecured loans from Directors from time to time. These loans were utilised for working capital requirement and are repayable on demand. We intend to repay these loans to improve our debt equity ratio and also this will help our company to obtain vehicle loans, term loans for expansion which will improve our operational efficiency.

Further, repayment of unsecured loans will reduce burden of repayment of loans repayable on demand and enhance our Financial Stability and reduce long term liabilities.

#### ***Expand our Geographical Reach***

Our business model is B2B based. Our products are mainly sold to mid range jewellers and boutique stores who sell these products through online platform and retail stores. We have recently started exporting our products to Gulf Countries like UAE and Oman. We seek to leverage our design skills and inputs from our designers to provide us with new designs which are in line with the current trends and fashion and thus gain a foothold in the export market. We already have an existing and excellent client base in the domestic market especially in Western and Southern India. We seek to expand our domestic foothold in the Northern markets as well. We have excellent relationship with our existing customers; for marketing and we would work to strengthen our relationship further with these companies so as to extend the reach of our jewellery.

#### ***Adding new designs to our portfolio***

Our marketing personnel regularly participate in exhibitions and trade fairs where they come across various new designs. These designs are forwarded to our in-house designers who improve upon it according to latest trends and requirements. Our in-house designers and our freelance designers also come up with their own designs and ideas which are showcased to our regular customers. The customers in the jewellery world are discerning, knowledgeable and demanding. We bring innovative ideas and designs to our customers on a regular basis. Our Company intends to continue to add new designs to our jewellery portfolio by regularly participating in exhibitions and trade fairs.

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

Our Company intends to focus on adhering to the highest quality standards of the jewellery. Quality and purity of the jewellery is very important for the company from the customer point of view. Continuous quality assurance review and timely corrective measures in case of diversion and technology upgradation are keys for maintaining quality standards of the jewellery. Providing the desired quality and purity in our jewellery helps us in enhancing our brand value and maintaining long term relationships with customers.

#### ***Leveraging our Market skills and Relationships***

This is a continuous process in our organization and the skills that we impart in our people give importance to our customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our client relationship and renewing our relationship with existing buyers.

#### ***Increasing Operational efficiency***

We continue to invest in increasing our operational efficiency throughout the organization. We are addressing the increase in operational output through continuous process improvement, QA/QC activities, customer service, consistent quality and technology development. Alignment of our people to ‘process improvement’ through change management and upgrading of skills as required for customer satisfaction is a continuous activity. Awareness of this quality commitment is wide spread among all the employees.



Managerial expertise, trained workforce and modernization of the manufacturing units results in consistent high level of productivity. We have established modern production facilities at each of our plant and we are continuously on the look- out for new / updated technologies. Our investments in value adding equipments / attachments to our machines has resulted in twin benefits of consistent high quality and improved productivity, ensure enhanced operational efficiency.

## DETAILS OF OUR BUSINESS

### LOCATION

We currently operate from the following locations:

#### Registered Office and Existing Manufacturing Facility

Our Registered Office which also our Manufacturing Facility is located at Gala no 1-01, 1-02,1-03, 1<sup>st</sup> Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080. This unit is spread over an area of 2740 sq. ft. and is an integrated manufacturing facility where designing of jewellery from hand drawing to CAD to manufacturing of finished products takes place.

#### Corporate Office cum Sales Office

Our Corporate Office cum sales office is located at No. 12A, 13 and 14, 1<sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002.

#### Sales Office

The Southern region of India has been traditionally more known for its preference of gold jewellery. For better concentration and service in this region, our Company has recently started sales offices at the below locations:

1. No. 6-3-1111/B005 & 6, Babukhan Mall, Greenlands Road, Somajiguda, Hyderabad – 500 082
2. 28/341/9, 6<sup>th</sup> floor, Creek Tower, Thrissur, Kerala - 680020

For further details of ownership / lease / leave and licence of the above locations, please refer to “*Our Business – Properties*” on page no. 94 of this Draft Prospectus.

## PLANT AND EQUIPMENT

Our manufacturing facility uses the latest technology and has various jewellery making equipments and machinery including machines imported from Germany and Italy. Below are some of our Key Equipments:

Sr. No.	Equipment Name	Function
1	Valcaniser	To make the Rubber Mould
2	Wax Injector	Injects Hot Liquefied wax in the Rubber Mould
3	Embedding Machine - Investment Powder Machine	Powder investment in wax tree
4	Burn out Furnace	Evaporation of the dummy wax model of the Ornaments
5	3 in 1 vacuum casting Machine	Casting of Liquefied gold in the POP Cavity
6	Water jet Machine	Breaking of the POP Cavity
7	Chiller Machine	To make Wax Tree Cold
8	Compressor Machine	Air Compression during Casting
9	Foredom Motor Machine	Cleaning of pieces
10	Taarpatta	To make rod from melted gold
11	Laser Stamping Machine	Stamping the ornaments
12	Laser Welding Machine	Soldering the ornaments
13	Magnetic Stirrer	Cleaning of gold tree ornaments
14	Double Buff Vacuum Polishing Machine	Final Cleaning, Shining and Polishing of the



		ornaments
15	Ultra Machine	Final Cleaning of tree
16	Steam Machine	Cleaning and Polishing of the ornaments
17	Rhodium Plating Machine	Rhodium Shine to ornaments
18	Stabilizer Machine	To make hot water for Gillette Color
19	Vacuum Pump	Cleaning Factory dust
20	Casting Machine	Casting Machine
21	Micro Motor Machine	Cutting Machine
22	Dull Spray	Dull Spray on Ornaments
23	Shoulder Machine	Shouldering Ornaments

## PRODUCTS

Our Company is in the business of manufacturing casting based gold jewellery. We deal mainly in 22 Karat gold jewellery products such as necklaces, rings, pendants, bracelets, earrings and bangles and also make customized jewellery based on customer demand. Our wide range of product offerings caters to diverse segments, from the value market to high-end customized jewellery. Our product profile includes traditional, contemporary and combination designs across jewellery lines, usages and price points. Our company also manufactures gold jewellery based on job work basis.

Some of the Products manufactured by our Company are depicted below:



Rings are considered as a symbol of love and strong bonding, are equally popular among men and women. Coming in several patterns and designs finger rings are very popular these days. We manufacture rings of various designs which may be without studding or studded with coloured stones or American Diamonds or a combination thereof. We manufacture Rings for varied genders and our designs are made to suit different geographical regions and economic statuses. We also manufacture Rings depicting religious symbols and God / Goddess images.



In today's day and age, jewellery bracelets have become one of the favorite ornaments known to be an imperative source of new trends in contemporary fashion. We offer spectacular Gold bracelets in delicate, intricate and elegant range of never ending styles and designs. We make bracelets (ladies kada) of various designs based on customer specification and fashion trends.





Every woman loves bangles and Indian women perhaps more so as they form an emotional bonding with the gold bangles. Indian weddings are incomplete without gold bangles. We manufacture bangles which come in various sizes and designs and are usually studded with American Diamonds and coloured stones and contain intricate designs.



Single hook pendants are a fashion trend nowadays. Besides, various designs and sizes, these pendants are classified into various design types including:

- Fancy Pendants - These pendants have shapes and design for trendy wear ranging from horses, guns, swans, heart-shaped, etc.)
- Religious Pendants – These pendants are in the design of God images or a stylish version of Them, including Om, Krishna, Shiv, etc.
- Alphabetical Pendants – These Pendants, as the name suggests, are different English Alphabets (or a combination of alphabets or full name) in varied styles. Also, other Indian language pendants can be made on special order basis.



Gold earrings are the most important jewellery item used by women across different age and demography. We manufacture earrings for all age groups as per the preferences and trends in the current market. Also, our earrings are specifically designed for end consumers of different geographical regions and varied economic background. Earrings of varied styles include small, subtle and single studded design as well as more trendy styles like hanging (jhumkas) and colourful stone studded.



Pendant sets are an important fashion accessory where a woman wears a double hook pendant with exact matching earrings. There is a huge scope for designing in these sets as the pendants and earrings both need to complement each other. These sets have recently been in demand especially with the urban population.

*Product images shown above do not necessarily correspond to original products*



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## **RAW MATERIALS**

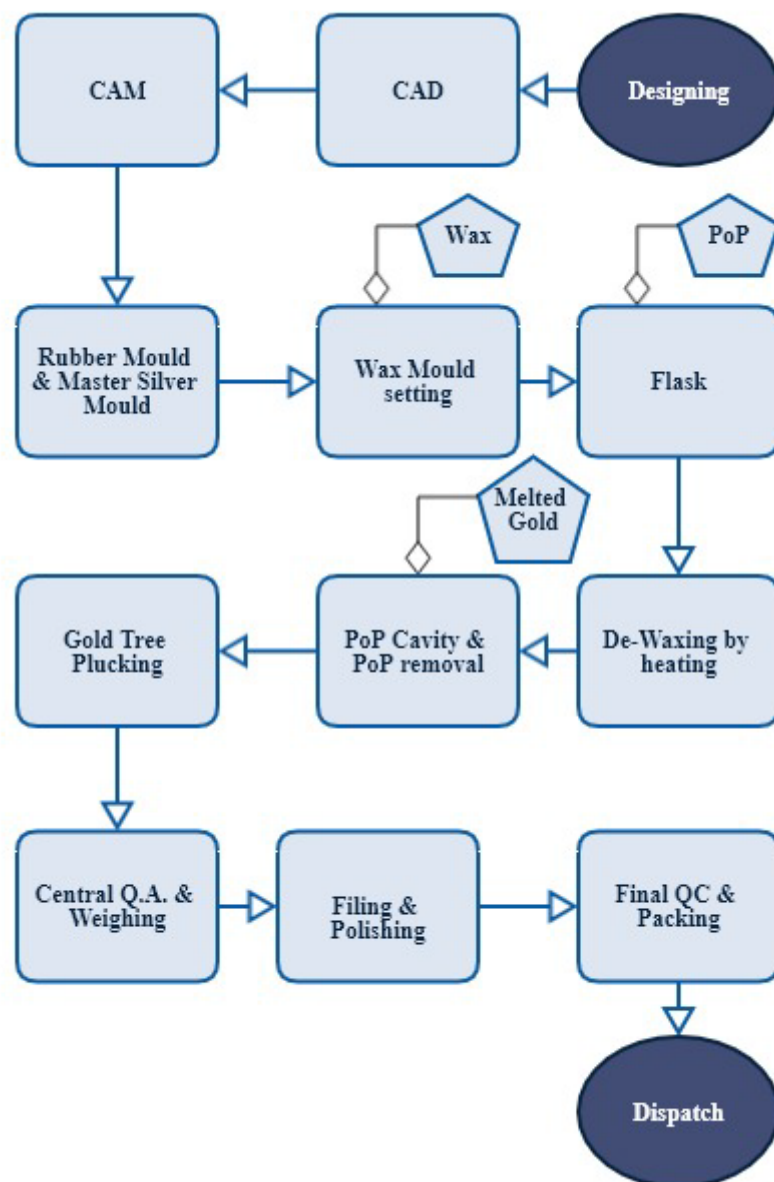
Our Company is mainly engaged in the manufacture and sale of gold jewellery in various designs and styles. Our main raw material is 24 karat gold, which is procured in the form of Gold bars of 500 gms each or in the form of Gold Biscuits of 100 gms each. This standard Gold Bullion is our primary raw material and constitutes more than 95% of our raw material purchase. Gold is purchased in bulk from various bullion traders and is also obtained in the form of gold metal loan from banks.

We also use ancillary raw materials like Silver, different mixes of Alloy, American Diamonds and various Coloured Stones. Silver is mainly used to create a basic sample of each jewellery design created by our designing team. This sample is used for display to our customers and also to ascertain the actual look, style and viability of the design before making the final gold jewellery of that design. Alloy is used in small quantities, mainly for the purpose of mixing with gold so as to convert 24 karat gold into 22 karat gold, thus giving the gold jewellery a sturdier make. American Diamonds and various Coloured Stones are used in various gold jewelleryes to give them a different and colourful design, style and patterns. All these ancillary raw materials are abundantly available in Mumbai as Mumbai has a concentrated and dedicated market for silver, alloys and coloured stones.

Besides the above raw materials, we require various consumables such as Plaster of Paris (PoP), Wax, Rubber Moulds and certain generic chemicals during the manufacturing process. Rubber moulds are used as a dye of the each jewellery design. Wax is used to create a model of the jewellery which is then casted in PoP for further processing.

## **MANUFACTURING PROCESS**

We are engaged in the manufacturing from designing of jewellery to selling of finished products. We have a team of skilled and experienced artisans and manufacturing personnel at our factory unit in Mulund, Mumbai headed by Mr. Mahendra Chauhan, our Whole Time Director. The manufacturing process for casting jewellery is as under:



1. Our designing and marketing team analyse the latest trends and fashion in jewellery industry and also the tastes and preferences of regional consumers based on extensive research which includes attending and participating in various exhibitions and trade fairs. Based on such research, management inputs and customer specifications, our in-house designers create new designs using the CAD platform. The CAD platform creates a 3D prototype which enables our team to assess the look and viability of the design.
2. The design finalized in the CAD software is sent to specialised CAM centre for creation of a wax-based master sample of the design. We outsource this process to third party CAM operators.
3. The master sample is used to make an identical model of the same design in silver. This silver model is made as a perfect replica of the actual jewellery design. Once the model is approved by the design team and by the Company management, the same is sent for approval to our customers or to our dealers. Upon acceptance by the customer / dealer, a rubber mould of the said jewellery is prepared using a Vulcaniser machine using the silver model.
4. The rubber mould can be used to mass produce a particular design. Liquefied hot wax is injected in the mould with the help of a Wax Injector, which is allowed to stabilize until the wax solidifies and takes shape as per the mould, which is an exact replica of the actual jewel design. The wax is extracted from



the mould and is hand chased by a skilled artisan. Each wax model extracted is cleaned using magnifying glass so as to avoid any spikes or dents. As per the design specification, coloured stones or American diamonds are added to the solidified wax model. The cleaned wax model is sprued on a small wax stand with branches, resembling a Christmas tree.

5. The wax tree model is placed in a flask and Plaster of Paris (PoP) is poured in the flask such that it entirely covers the wax jewel tree. The PoP forms a shell around the wax tree forming a perfect reverse image of the wax design. This PoP flask is then heated in a burnout furnace at high temperature, where the wax evaporates leaving behind a reverse PoP cavity in the shape of a tree. The cavity flask is then placed in a vacuum casting machine in which liquefied (molten) gold is poured along with the desired proportion of melted alloys. High pressure suction causes the molten gold to fill up all the empty cavities and take the shape of the jewel due to the reverse cavity shell of PoP.
6. The gold in the cavity shell is allowed to cool and in the process the gold takes exact shape of the jewel design. Also, in case where American diamonds and / or coloured stones were studded in the wax jewel, the same is left in the PoP cavity when the wax evaporates and the same gets studded in the gold jewel when the molten gold solidifies. The PoP shell over the solidified gold is removed using a water jet pipe leaving behind a tree model made of gold.
7. The jewels are then individually plucked out from the branches of the trees; they are weighed and tested for quality and imperfections.
8. The gold jewels obtained at this stage are still rough and dull; it may not have the appropriate shine and may deviate minutely from the desired shape. It is brought into the desired shape; coloured stones / American Diamonds; if missing are set and the entire jewellery piece is assembled with the help of a laser welding machine or done manually by our craftsmen. The gold ornament is subjected to Magnetic Polishing which has aluminium pins that smoothenes and files the edges and polishes the gold jewel.
9. After filing and polishing the ornament, it is placed in a steam machine which removes even the slightest dust particles on the gold ornament. The gold ornament is even manually smoothened and polished with great care by skilled craftsmen. The gold ornaments are again checked for studding of coloured stones and American diamonds and they are replaced if they develop any defects.
10. The gold ornament is passed through a Double Buff Vacuum Polishing machine for a final polishing. If required the ornament is even placed in the rhodium plating machine to give the ornament a luscious shine.
11. The gold ornaments are packed and sent for dispatch after a final quality check to assure our management that the product meets the clients' specification and also the quality standard set by our Company.



The average time of the above process, i.e. from receipt of order to dispatch is approximately 2 days.

## INSTALLED CAPACITY

Capacity and capacity utilization for the last three years

Particulars	For the Financial Year		
	2015-16	2016-17	2017-18
Installed Capacity (Kg. Per annum)	2,000.00	2,000.00	3,000.00
Utilised Capacity (Kg. Per annum)	1,356.31	1,266.18	2,318.10
Utilised Capacity (%)	67.82%	63.31%	77.27%



## PROPOSED CAPACITY UTILISATION

Particulars	For the Financial Year		
	2018-19	2019-20	2020-21
Installed Capacity (Kg. Per annum)	3,000.00	3,000.00	3,000.00
Proposed Utilised Capacity (Kg. Per annum)	2,500.00	2,800.00	2,800.00
Proposed Utilization Capacity (%)	83.33%	93.33%	93.33%

## OUR MAJOR CUSTOMERS

Our Company is engaged in the manufacture and distribution of Jewellery. The percentage of income derived from our top customers in the last financial year i.e. March 31, 2018 is given below:

Sr. No.	Particular	Revenue (₹ in lakhs)	Percentage (%)
1	Income from Top 5 Customers (%)	23,570.82	42.94%
2	Income from Top 10 Customers (%)	34,412.32	62.70%

## UTILITIES

### Power

Our Company has adequate power supply position from Maharashtra State Electricity Distribution Co. Ltd. and BEST in Maharashtra. The following is the sanctioned power for each location:

Details of Location	Sanctioned Load
Registered Office cum Manufacturing Unit	60 KW
Corporate Office cum Sales Office (Mumbai)	18.40 KW
Sales Office at Kerala	6 KW
Sales Office at Telangana	5 KW

### Water

Water is required for the manufacturing process as well as for drinking and sanitation purposes. Water is easily available through separate lines. Borewell water from the society is used for manufacturing process.

### Fuel

LPG Gas Cylinders are required for heating purposes. These are sourced through local suppliers.

## INVENTORY MANAGEMENT

Our inventory is segregated based on certain pre-defined criteria including categories, gross weight, net weight, serial number, gender and size. Each item is allocated a unique bar code which allows inventory tracking and reconciliation on a real-time basis. Goods in transit are closely tracked and are subject to strict security procedures. We believe that we have comprehensive internal controls in place to ensure that our entire inventory is closely monitored. Though we have a central procurement system at the Corporate Office, the raw materials are received at our Registered Office / Factory Unit in Mulund at Mumbai directly so as to avoid transit risk. The same verified with the relevant invoices before being subjected to strict quality control. We have a dedicated logistics team to ensure accuracy in the inventory inflow and outflow at all levels.

We have installed CCTV linked to digital video recorders at our Registered Office / Factory Unit, our sales offices in Telangana and Kerala as well as our Corporate Office for remote monitoring of our inventory. At the Corporate Office, the management of the Company has access to monitor the locations, centrally, on a real-time basis. The CCTV footage is, however, monitored at regular intervals to ensure control over the entire process of manufacturing, packaging and dispatch. Our Factory Unit, Sales offices and Corporate Office, all have strong rooms / safes for the safe storage of bullion and finished jewellery, as applicable. We have security personnel at all our office locations to ensure clean passage of staff and visitors. Further, all our stock is adequately insured.



## **COMPETITION**

Gems and Jewellery industry being a global industry, we face competition from various domestic and international manufacturers and traders. Competition emerges from small as well as big players in the gems and jewellery industry and also from both the organized and unorganized sectors in this business. The organized players in the industry compete with each other by providing high quality, consistent and time bound products and value added services. We have a number of competitors offering products similar to us. We believe the principal elements of competition in our line of business are design, purity, technology, pricing, innovation, consistent and quality products and strong relations with our customers.

We face significant competition from large manufacturers and traders, especially in the southern part of India. Further, as we have recently begun export activities, we also face competition from international manufacturers and traders. We compete with them by providing high quality products with lower rejection ratio and better delivery timeline. However, we believe that there are significant barriers to entry in the business of manufacturing jewellery in Maharashtra. Among the most important of these barriers is the need for significant working capital to purchase gold, the long-term relationships required to have access to adequate supplies, the limited number of persons with the skills necessary to manufacture high quality jewellery. We believe that we are well-positioned to compete with both organised and unorganised jewellery companies given our localisation strategy where we tap into local trends and preferences.

## **MARKETING SETUP**

Our Promoters are instrumental in our marketing process due to the long term relationships maintained by them and the same is regularly maintained by our marketing team which caters to our ongoing relationship with our customers. We conduct our marketing from sales office located in Mumbai, Hyderabad and Thrissur. Our Mumbai office is the primary sales office and is headed by our Promoter / Whole Time Director, Mr. Darshan Chauhan. Owing to promising demand reports of our products in South India we have recently opened a sales office in Telangana and Kerala each. We share our new designs with our existing and potential customers for securing new orders.

Currently, we cater to a large number of wholesalers, showrooms and retailers who buy our products in bulk quantities. Our business is based on B2B model and our marketing strategy includes participation in trade fairs and jewellery exhibitions. Our team keeps in regular contact with our existing and prospective customers by providing them with the structured findings and updated catalogues. Due to our diversity of clients and the varied regions each of our clients cater to, we have developed an ability to design our jewellery products as per latest trends, fashion and demographic preference of the end customers.

Being a manufacturer, wholesaler and supplier in the Gems and Jewellery industry, the primary factors considered in marketing is creating our customer's confidence by providing them quality jewellery as per their needs and requirement, offering reasonable pricing for our products, timely and reliable delivery of our products together with the level and quality of customer service. We offer a wide range of products from gold jewellery for special occasions such as weddings and festivals to daily wear jewellery for all ages, genders and across various price points. Besides, various clients in Mumbai and nearby areas, we also cater to various jewellery brands having national presence. We intend to invest in our marketing initiatives and brand building exercise, including advertising through various media.

## **MANPOWER**

The manufacturing process requires an appropriate mix of skilled, semi-skilled and un-skilled labour, which is readily available. Our employee strength includes designers and craftsmen specializing in jewellery designing. We have also engaged workers on contract basis for manufacturing and housekeeping purposes. As on June 30, 2018, our Company has 3 whole time directors, 40 employees on payroll and approximately 46 personnel on contract basis. India and especially, Mumbai (where our registered office and manufacturing unit is situated) being a jewellery hub, skilled, semi-skilled and unskilled labour is abundantly available. We also impart training needed for various departments like wax setting, filing and metal setting.

## **COLLABORATIONS**


The company has not entered into any financial or technical collaboration agreement.





## INTELLECTUAL PROPERTY

### Trademark

Sr. No.	Description	Class	Trade Mark No. / Application No.	Status
1.	SKYZ 	14	2379402	Registered

## PROPERTY

### Freehold Property

The details of the Free Hold property are as under:

Sr. No.	Schedule of property and area	Purchase Consideration	Date of Agreement	Seller	Purpose
1.	No. 12A, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002 Area – 195 sq. ft.	₹ 49,50,000	June 16, 2016	Mr. Rajendrakumar Mehta	Corporate Office cum Sales Office
2.	No. 13, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002 Area – 195 sq. ft.	₹ 49,50,000	June 16, 2016	Mr. Shripalkumar Rikhabdas Mehta	Corporate Office cum Sales Office
3.	No. 14, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002 Area – 195 sq. ft.	₹ 49,50,000	June 15, 2016	Mr. Sanjay Shripal Mehta	Corporate Office cum Sales Office
4.	Godown No. 107, 1 <sup>st</sup> Floor Raja Industrial Estate, Raja Industrial Premises Co-Operative Society Ltd., P K Road, Mulund (West), Mumbai – 400 080 Area – 935 sq. ft.	₹93,96,000	December 26, 2017	Mr. Bharat Hansraj Danani and Mr. Bhavin Bharat Danani	Property given on rent.

### Lease Property

Sr. No.	Name of the Lessor	Premises Leased and area	Term of the Lease	Amount of Rent and Security Deposit	Purpose
1.	Hussain, Sajid, Siddiqu Ahammed, Fajar Yusafali	28/341/9, 6 <sup>th</sup> floor, Creek Tower, Thrissur, Kerala – 680020 Area – 900 sq. ft.	11 months commencing from December 01, 2017.	An advance of ₹ 1,20,000 and a monthly rent of ₹ 20,000.	Sales Office



## Leave and License / Rented Property

Sr. No.	Name of the Licensor	Premises Leased and area	Licensed Period	Amount of Licence Fee and Security Deposit	Purpose
1.	T. Madhumathi	No. 6-3-1111/B005 & 6, Babukhan Mall, Greenlands Road, Somajiguda, Hyderabad – 500 082	March 01, 2018 to March 01, 2020	Security Deposit of ₹ 1,98,000 and a monthly rent of ₹ 33,000 with a 10% escalation each year after the completion of the 1 <sup>st</sup> year.	Sales Office

### Note:

Our registered office cum manufacturing unit is situated at Unit Nos. 1-01, 1-02 and 1-03, Raja Industrial Estate, Raja Industrial Premises Co-Operative Society Ltd., P K Road, Mulund (West), Mumbai – 400 080. The said premise is being used by us since 2014 and is owned by our Promoters. Though, our Promoters have given their NoC for un-interrupted use of the said premises, no formal agreement has been entered into by our Company with them. Further, an annual rent of ₹ 21.00 lakhs is being paid to them. For details please see “Annexure XXV - Statement of Related Party Transactions” on page no. 148 of this Draft Prospectus.

## INSURANCES

The insurance policies covered by the company are:

Sr. No.	Name of the Insurance Company	Type of Policy	Validity Period	Description of cover under the policy	Policy No.	Sum Insured (₹ lakhs)	Premium p.a. (₹)
1.	HDFC ERGO General Insurance Company Limited	Jeweller's Comprehensive Insurance Policy	May 11, 2018 to May 10, 2019	Refer Note 1	2999201400609602000	2700.00	5,19,200
2.	HDFC ERGO General Insurance Company Limited	Standard Fire and Special Perils Policy	September 16, 2017 to September 15, 2018	Refer Note 2	2111201179700402000	12.10	1,949
3.	HDFC ERGO General Insurance Company Limited	Standard Fire and Special Perils Policy	September 16, 2017 to September 15, 2018	Refer Note 3	2111201179698802000	11.13	1,792
4.	HDFC ERGO General Insurance Company Limited	Standard Fire and Special Perils Policy	September 16, 2017 to September 15, 2018	Refer Note 4	2111201179697402000	11.13	1,792
5.	HDFC ERGO General Insurance Company Limited	Standard Fire and Special Perils Policy	September 16, 2017 to September 15, 2018	Refer Note 5	2111201179694402000	18.00	2,899



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## Notes

### 1. A. Locations Covered –

- a. Gala No. 1-01, 1-02, 1-03, 1st Floor, Raja Industrial Estate, Jain Mandir Road, Sarvoday Nagar, Mulund (West), Mumbai – 400 080.
- b. Office no 12,13,14, 1st Floor,265/267, Kanak Chamber, Kalbadevi Road, opp Adarsh hotel, Mumbai – 400 002
- c. Shop no. 5/6, Babukhan building, H.No 6-3-1111, Somajiguda Circle, Hyderabad – 500082

B. Risk Covered – Gold, Diamond and gems including studded Jewellery, pearls and precious stones of any sort or kind whatsoever and/or other assets, merchandise and material usual to the conduct of the Insured's business, bank notes, whether the same be the Insured's property or that entrusted to the Insured/the Insured's custody on sale or return or on approbation or for work to be done thereon or for safe custody or for any other purpose whatsoever.

C. Perils Covered – Stock in premises, stock in transit, infidelity extension, exhibitions, mysterious disappearances and other property (such as trade and office furniture, fixtures, fittings, machinery, plant, safes, alarm systems, etc.).

2. Building at Unit No. 01, 1<sup>st</sup> floor, P K Road, Raja Ind Estate, Mulund West, Mumbai, Maharashtra 400 080. The policy has an add-on cover for earthquake.
3. Building at Unit No. 02, 1<sup>st</sup> floor, P K Road, Raja Ind Estate, Mulund West, Mumbai, Maharashtra 400 080. The policy has an add-on cover for earthquake.
4. Building at Unit No. 03, 1<sup>st</sup> floor, P K Road, Raja Ind Estate, Mulund West, Mumbai, Maharashtra 400 080. The policy has an add-on cover for earthquake.
5. Building at Unit No. 15, 1<sup>st</sup> floor, P K Road, Raja Ind Estate, Mulund West, Mumbai, Maharashtra 400 080. The policy has an add-on cover for earthquake.



## KEY REGULATIONS AND POLICIES IN INDIA

*The following description is a summary of certain sector-specific laws currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description below may not be exhaustive, and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain.*

*The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For information on regulatory approvals obtained by us, please refer “Government and Other Approvals” on page no. 167 of this Draft Prospectus. We are required to obtain and regularly renew certain licenses / registrations / sanctions / permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye laws, acts and policies.*

*Except as otherwise specified in this Draft Prospectus, taxation statutes including the Income Tax Act, 1961, Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and applicable relevant state GST statutes and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

*Following is an overview of some of the important laws and regulations, which are relevant to our business.*

### LEGISLATIONS RELATED TO THE GEMS AND JEWELLERY INDUSTRY:

#### ***The Bureau of Indian Standards Act, 2016***

The Bureau of Indian Standards Act, 2016 (“**BIS Act**”) provides for the establishment of bureau for the standardization, marking and quality certification of goods. Functions of the bureau include, *inter-alia*, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) conducting such inspection and taking such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

Government of India has identified BIS as the sole agency in India to operate the BIS Certification Scheme for Hallmarking of Gold Jewellery (“**BIS Hallmarking Scheme**”). BIS Hallmarking Scheme is operating under BIS Act, Rules and Regulations. It operates on the basis of trust and thus it is desirable that aspects of quality control are in-built in the system responsible for managing quality.

The BIS Hallmarking Scheme has been aligned with International criteria on hallmarking (Vienna Convention 1972). As per this scheme, licence is granted to the jewellers by BIS under BIS Hallmarking Scheme. The BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centre. The recognition to an Assaying and Hallmarking Centre is given against BIS criteria Doc: HMS/RAHC/GO1 which is in line with International criteria on Marking and Control of Precious metals.

A Hallmark, consists of five components i.e. BIS Mark, the Fineness number (corresponding to given caratage), Assaying and Hallmarking Centre's Mark, Jeweller's identification Mark and year of Marking denoted by a code letter and decided by BIS (e.g. code letter ‘A’ was approved by BIS for year 2000, ‘B’ being used for the year 2001 and ‘C’ for 2002 and ‘J’ for 2008). The marking is done either using punches or laser marking machine.

#### ***The Consumer Protection Act, 1986***

The Consumer Protection Act, 1986 (“**CPA 1986**”) came into effect on December 24, 1986, The CPA 1986 reinforces the interest and rights of consumers by laying down a mechanism for speedy grievance redressal. A



consumer, as defined under the CPA 1986, or a recognized consumer association, or numerous consumers having the same interest, or the Central/State Government may lodge a complaint before the district forum or any other appropriate forum under the Consumer Protection Act, *inter alia*, where: (a) an unfair trade practice or a restrictive trade practice has been adopted by a service provider; (b) the services availed or agreed to be availed suffer from any deficiency in any material aspect; and (c) the provision of services which are hazardous or likely to be hazardous to life and safety of the public when used are offered by the service provider which such person could have known with due diligence to be injurious to life and safety.

The CPA 1986 holds any producer or importer, distributor or retailer of any goods liable for any harm caused wholly or partly as a consequence of: (a) supplying any unsafe goods; (b) a product failure, defect or hazard in any goods; or (c) inadequate instructions or warnings provided to a consumer pertaining to any hazard associated with the use of the goods; irrespective of whether such harm resulted from any negligence on the part of the producer, importer, distributor or a retailer.

In case of consumer disputes, the same can be referred to the redressal forums set up by the government such as the national commission, the state commission and the district forums. When a person against whom a complaint is made fails to or omits to comply with any order made by the forum/commission, such person shall be punishable with imprisonment for a term of not less than a month, but not exceeding three years, or a fine of not less than two thousand rupees, but not more than ten thousand rupees, or both.

The CPA 1986 is proposed to be repealed by the Consumer Protection Bill, 2018, once it comes into effect. The Consumer Protection Bill, 2018 has been introduced in Lok Sabha on January 5, 2018 and is still pending approval.

#### ***The Sale of Goods Act, 1930 (Sale of Goods Act)***

The law relating to the sale of goods is codified in the Sale of Goods Act, 1930. It defines sale and agreement to sell as a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price and provides that there may be a contract of sale between part owner and another and that the contract of sale may be absolute or conditional. According to the provisions of this Act, a contract of sale is made by an offer to buy or sell the goods for a price and the acceptance of such offer. The Act further provides that the contract may provide for the immediate delivery of the goods or immediate payment of the price or both or for the delivery or payment by instalments or that the delivery or payment or both shall be postponed. Provisions are made in this Act for existing or future goods, perishable goods, ascertainment of price, conditions and warranties, effects of the contract, delivery to courier, duties of seller and buyer, buyer's right of examining the goods, liability of buyer for neglecting or refusing the delivery of goods, rights of unpaid seller, suits for breach of the contract, sale, etc.

#### ***The Foreign Trade (Development and Regulation) Act, 1992 ("FTA")***

The FTA provides for the development and regulation of foreign trade by facilitating imports into and augmenting exports from India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import ("EXIM") Policy.

Under the Indian Foreign Trade Policy, 2015-2020, no export or import can be made by a person or company without an Importer Exporter Code number unless such person/company is specifically exempted. Importer Exporter Code (IEC) is mandatory for export/import from/to India as detailed in paragraph 2.05 of the Foreign Trade Policy. An application for an Importer-Exporter Code number has to be made to the office of the Director General of Foreign Trade, Ministry of Commerce ("DGFT"). DGFT has recently introduced the facility of issuing Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC an application can be made online on DGFT website (<http://dgft.gov.in>). Applicants can upload the documents and pay the required fee through Net banking. An Importer Exporter Code number allotted to an applicant is valid for all its branches/divisions/ units/factories.



### ***The Export (Quality Control and Inspection) Act, 1963 (the “Export Act”)***

The Export Act empowers the Government of India to establish, a council called the Export Inspection Council, which would advise the Central Government regarding measures for the enforcement of quality control and inspection in relation to commodities intended for export and to formulate programmes in connection therewith, to make, with the concurrence of the Central Government, grants-in-aid to various agencies involved in foreign trade.

### ***Gem and Jewellery Export Promotion Council***

The Gem & Jewellery Export Promotion Council (“GJEPC”) was set up by the Ministry of Commerce, Government of India (GoI) in 1966. It was one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country’s export thrust, when India’s post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today it represents almost 6,000 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to expand its reach and depth in its promotional activities as well as widen and increase services to its members.

### ***Foreign Trade Policy 2015-2020***

In the Foreign Trade Policy for the years 2015-20 announced in April 2015 (“FTP 2015-20”), the Government spelt out a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in line with the ‘Make in India’ and “Digital India” programme. The salient features of the policy are as follows:

- FTP 2015-20 provides a framework for increasing exports of goods and services as well as generation of employment and increasing value addition in the country, in line with the ‘Make in India’ programme.
- FTP 2015-20 aims to enable India to respond to the challenges of the external environment, keeping in step with a rapidly evolving international trading architecture and make trade a major contributor to the country’s economic growth and development.
- Exporters of gems and Jewellery can import / procure duty free input for manufacture of export product. Following items, if exported, would be eligible: (i) Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above up to a maximum limit of 22 carats; (ii) Silver jewellery including partly processed jewellery, silverware, silver strips and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% silver by weight; (iii) Platinum jewellery including partly processed jewellery and articles including medallions and coins (excluding legal tender coins and any engineering goods) containing more than 50% platinum by weight.
- Measures have been adopted to nudge procurement of capital goods from indigenous manufacturers under the EPCG scheme by reducing specific export obligation to 75 per cent. of the normal export obligation.
- Measures have been taken to give a boost to exports of defence and hi-tech items.
- Manufacturers, who are also status holders, will now be able to self-certify their manufactured goods in phases, as originating from India with a view to qualifying for preferential treatment under various forms of bilateral and regional trade agreements. This ‘Approved Exporter System’ will help manufacturer exporters considerably in getting fast access to international markets.
- A number of steps have been taken for encouraging manufacturing and exports under 100 per cent EOU/EHTP/STPI/BTP Schemes. The steps include a fast track clearance facility for these units, permitting them to share infrastructure facilities, permitting inter unit transfer of goods and services, permitting them to set up warehouses near the port of export and to use duty free equipment for training purposes.





- 108 MSME clusters have been identified for focused interventions to boost exports. Accordingly, 'Niryat Bandhu Scheme' has been galvanised and repositioned to achieve the objectives of 'Skill India'.
- Trade facilitation and enhancing the ease of doing business are the other major focus areas in this new FTP. One of the major objectives of new FTP is to move towards paperless working in 24x7 environment.

### ***Export Scheme for Gems and Jewellery***

Under Foreign Trade Policy 2015-2020 the various schemes for export of Gems and Jewellery are as follows:

- Advance Procurement / Replenishment of Precious Metals from Nominated Agencies:* Exporter of gold / silver / platinum jewellery and articles thereof including mountings and findings may obtain gold / silver / platinum as an input for export product from Nominated Agency, in advance or as replenishment after export in accordance with the procedure specified in this behalf.
- Replenishment Authorisation for Gems:* Exporter may obtain replenishment authorisation for gems from regional authority in accordance with procedure specified in handbook of procedures.
- Replenishment Authorisation for Consumables:* Replenishment authorization for duty free import of consumables, tools and other items namely, tags and labels, security censor on card, staple wire, poly bag (as notified by customs) for jewellery made out of precious metals (other than gold & platinum) equal to 2% and for cut and polished diamonds and jewellery made out of gold and platinum equal to 1% of FOB value of exports of the preceding year, may be issued on production of chartered accountant certificate indicating the export performance. However, in case of rhodium finished silver jewellery, entitlement will be 3% of FOB value of exports of such jewellery. This authorisation shall be non-transferable and subject to actual user condition.
- Advance Authorisation for Precious Metals:* Advance Authorisation shall be granted on pre-import basis with 'Actual User' condition for duty free import of: (i) Gold of fineness not less than 0.995 and mountings, sockets, frames and findings of 8 carats and above; (ii) Silver of fineness not less than 0.995 and mountings, sockets, frames and findings containing more than 50% silver by weight; (iii) Platinum of fineness not less than 0.900 and mountings, sockets, frames and findings containing more than 50% platinum by weight.

## **LAWS RELATING TO SPECIFIC STATE WHERE ESTABLISHMENT IS SITUATED**

### ***The Maharashtra Shops and Establishments Act, 1948 ('The Maharashtra Shops Act')***

The Maharashtra Shops Act is applicable to the state of Maharashtra and provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Maharashtra Shops Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn function under the supervision of Labour Commissioner.

### ***The Maharashtra State Tax on Professions, Trades, Callings and Employments Acts, 1975***

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 profession taxes are charged on the incomes of individuals, profits of business or gains in vocations. The profession tax is charged as per the List II of the Constitution. The profession tax is classified under various tax slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner.



## INDUSTRY SPECIFIC REGULATIONS

### ***Factories Act, 1948 (“Factories Act”)***

The Factories Act seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of workers. It applies to industries in which 10 or more workers are employed on any day of the preceding 12 months in any manufacturing process carried out with the aid of power, or 20 or more than 20 workers are employed in the manufacturing process being carried out without the aid of power. Each state government has enacted rules in respect of the prior submission of plans and their approval for the establishment, registration and licensing of factories. The Factories Act requires that the occupier of a factory, i.e., the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory, such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment of the manager of the factory in case of any contravention of the provisions of the Factories Act.

### ***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 an Industrial Entrepreneurship Memorandum in the form and manner specified in the notification.

### ***Legal Metrology Act, 2009 (“Legal Metrology Act”)***

The Legal Metrology Act, repeals and replaces the Standard of Weights and Measures Act, 1976 and the Standards of Weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The Legal Metrology Act, *inter alia*, provides for: (a) approval of model of weight or measure; (b) verification of prescribed weight or measure by Government approved Test Centre; (c) exempting regulation of weight or measure or other goods meant for export; (d) nomination of a Director by a company who will be responsible for complying with the provisions of the enactment; (e) empowering the Central Government to make rules for enforcing the provisions of the enactment; and (f) penalty for offences and compounding of offences.

### ***The Petroleum Act, 1934 (the “Petroleum Act”)***

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

## TAX RELATED LEGISLATIONS

### ***Income-Tax Act, 1961 (the “IT Act”)***

The IT Act is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. The IT Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or



arising in India. Every company assessable to income tax under the IT Act is required to comply with the provisions thereof, including those relating to Tax Deduction at Source, Advance Tax, Minimum Alternative Tax and the like. Every such company is also required to file its returns by September 30 of each assessment year.

### ***The Central Goods and Services Tax Act, 2017 (the “GST Act”)***

Goods and Services Tax (GST) is considered to be the biggest tax reform in India since independence. It will help realize the goal of “One Nation-One Tax-One Market.” GST is expected to benefit all the stakeholders – industry, government and consumer. Goods and Services Tax (GST) is an indirect tax throughout India and was introduced as The Constitution (One Hundred and Twenty Second Amendment) Act 2017, following the passage of Constitution 122nd Amendment Bill. This Act has been made applicable with effect from 1st July 2017.

With the introduction of GST all central, state level taxes and levies on all goods and services have been subsumed within an integrated tax having two components – central GST and a state GST. Thus there will be a comprehensive and continuous mechanism of tax credits.

The Central government passed four sets of GST Acts in the Budget session this year. These were Central GST Act, 2017; Integrated GST Act, 2017; Union Territory GST Act, 2017 and GST (Compensation to States) Act, 2017. The Acts were approved by the Parliament after they were introduced as the part of the Money Bill. Following the passage of GST Acts, the GST council has decided 4 tax rate slabs viz., 5%, 12%, 18% and 28% on supply of various goods and services.

India has adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single State will be levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that State. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax, therefore, taxes are paid to the State where the goods or services are consumed and not the State in which they were produced.

### ***Customs Act, 1962 (the “Customs Act”)***

The Customs Act, as amended, regulates import of goods into and export of goods from India by providing for levy and collection of customs duty on goods in accordance with the Customs Tariff Act, 1975. Any Company requiring to import or export goods is first required to get registered under the Custom Act and obtain an Importer Exporter Code. Imported goods in India attract basic customs duty, additional customs duty and education cess. Customs duty is calculated on the transaction value of the goods. Customs duties are administered by Central Board of Excise and Customs under the Ministry of Finance.

## **INTELLECTUAL PROPERTY LAWS**

### ***Trade Marks Act, 1999 as amended (the “Trademark Act”)***

In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits registration of trademarks for goods and services. The Trademark Act statutorily protects trademarks and prevents use of fraudulent marks in India. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration can be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. Applications for a trademark registration can be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. The mark lapses in ten years unless renewed. The Trademark (Amendment) Act, 2010 has been enacted to amend the Trademark Act, which enables Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other jurisdictions. The amendment also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to align the law with international practice.



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### ***Patents Act, 1970 (the “Patents Act”)***

The Patents Act governs the patent regime in India. Being a signatory to the Agreement on Trade Related Aspects of Intellectual Property Rights, India is required to recognise product patents as well as process patents. In addition to the broad requirement that an invention satisfy the requirements of novelty, utility and non-obviousness in order for it to avail patent protection, the Patents Act stipulates that patent protection may not be granted to certain specified types of inventions and materials even if they satisfy the above criteria. The Patents Act prohibits any person resident in India from applying for patent for an invention outside India without making an application for the invention in India. The term of a patent granted under the Patents Act is twenty years from the date of filing of the application for the patent.

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

The Copyright Act governs the law protecting copyrights in India and defines infringement and provides remedies for the same. Copyright refers to the exclusive right to do or authorize others to do certain acts in relation to original (1) literary, dramatic or musical works, not being a computer programme; (2) computer programme; (3) artistic work; (4) cinematograph film; and (5) sound recording. The object of the Copyright Act is to protect the author of a copyrighted work from any unlawful reproduction or exploitation. Copyrights subsist during the life of the author/creator of the work and 60 years thereafter in case the author is a natural person. Registration of copyrights can be done by submitting a registration form to the Copyright office. While copyright registration is not a pre-requisite for acquiring or enforcing a copyright, registration constitutes prima-facie evidence of the particulars entered therein and may expedite infringement proceedings.

### ***The Designs Act, 2000 (the “Designs Act”)***

The Designs Act protects any visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration or composition of pattern or colour, or combination of pattern and colour in three-dimensional form containing aesthetic value. It provides an exclusive right to apply a design to any article in any class in which the design is registered.

## **ENVIRONMENT RELATED LAWS**

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, State PCB, which are vested with diverse powers to deal with water and air pollution, have been set up in each state and in the Centre. The State PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the State PCBs, which are required to be periodically renewed.

### ***Environment Protection Act, 1986 (“Environment Act”)***

The Environment Act is an umbrella legislation designed to provide a framework for the Central Government to coordinate activities of various state and central authorities established under previous environmental laws. The Environment Act specifies that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environment pollutants in excess of such standards as may be prescribed. The Environment Act empowers the Central Government to make rules for various purposes viz., to prescribe: (i) the standards of quality of air, water or soil for various areas; (ii) the maximum allowable limits of concentration of various environmental pollutants for different areas; (iii) the procedures and safeguards for the prevention of accidents which may cause environmental pollution and remedial measures for such accidents.

### ***Environment (Protection) Rules, 1986 (“Environment Rules”)***

In exercise of powers conferred under the Environment Act, the Central Government notified the Environment Rules. Pursuant to Environment Rules, every person who carries on an industry, operation or process requiring consent under Water (Prevention and Control of Pollution) Act, 1974 or Air (Prevention and Control of



Pollution) Act, 1981 or shall submit to the concerned Pollution Control Board (“PCB”) an environmental statement for that financial year in the prescribed form.

#### ***Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”)***

The Air Act requires any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions, apply in a prescribed form and obtain consent from the PCB prior to commencing any activity. The PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

#### ***Water (Prevention and Control of Pollution) Act, 1974 (“Water Act”)***

The Water Act aims at prevention and control of water pollution as well as restoration of water quality through the establishment of a central PCB and state PCBs. Under the provisions of the Water Act, any individual, industry or institution discharging industrial or domestic waste water or establishing any treatment or disposal system or the using of any new or altered outlet for the discharge of sewage is required to obtain the consent of the applicable state PCB, which is empowered to establish standards and conditions that are required to be complied with. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state PCB. Even before the expiry of the consent period, the state PCB is authorized to carry out random checks on any industry to verify if the standards prescribed are being complied with by the industry. In the event of non-compliance, the state PCB after serving notice to the concerned industry may close the factory or withdraw water supply to the factory or cause magistrates to pass injunctions to restrain such polluters.

### **LABOUR LAWS**

#### ***Industrial Disputes Act, 1947 (“ID Act”)***

The ID Act is one of India’s most important legislations governing the employer-employee relationship. The legislation not only sets up the mechanism for redressal of industrial disputes and also regulates, *inter alia*, termination of employment, closure, change in conditions of work, strikes, lock-outs and unfair trade practices.

Protections envisaged under the ID Act are available only to individuals categorized as ‘workmen’. The ID Act defines ‘workman’ as any person employed in any industry to do any manual, unskilled, skilled, technical, operational, clerical or supervisory work for hire or reward, whether the terms of employment are express or implied. The definition of workman excludes, among others, persons employed mainly in a managerial or administrative capacity and also those persons (otherwise falling within the definition of workman) who are employed in a supervisory capacity drawing wages in excess of ₹ 10,000 (Indian Rupees Ten Thousand) per month.

#### ***Employee’s Compensation Act, 1923 (“ECA”)***

The ECA, as amended provides for the payment of compensation by employers to workmen for injuries caused by accident arising out of and in the course of employment, and for occupational diseases resulting in death or disablement. The ECA makes every employer liable to pay compensation in accordance with the ECA if a personal injury/disablement/loss of life is caused to a workman (including those employed through a contractor) by accident arising out of and in the course of his employment. In case the employer fails to pay compensation due under the ECA within one month from the date it falls due, the commissioner appointed under the ECA may direct the employer to pay the compensation amount along with interest and may also impose a penalty.

#### ***The Minimum Wages Act, 1948 (“MWA”)***

The MWA, as amended, came into force with the objective to provide for the fixation of a minimum wage payable by the employer to the employee. The MWA mandates payment of minimum rates of wages to workers based on the nature of work and industry. State Governments set minimum wages in specific trades and industries, except in relation to state-owned corporations and certain sectors, for which the Central Government





fixes minimum wages. Despite the issuance of such notifications, employers paying higher wages than the minimum must continue to pay the same. There is no national minimum wage in cases where minimum wages are fixed by the state government, since different minimum wages are fixed for each employment and each zone, by each state. The competent government reviews minimum wages at intervals of at the most five years, and at such shorter intervals as it may consider appropriate.

#### ***The Payment of Wages Act, 1936 (“Wages Act”)***

The Wages Act, as amended from time to time aims at ensuring payment of wages in a particular form at regular intervals without unauthorized deductions. It regulates the payment of wages to certain classes of employed (directly or indirectly or through a sub-contractor) persons and regulates the imposition of fines and deductions, lays down wage periods and time and mode of payment of wages and provides the means of recovery of unpaid wages. Persons whose wages are more than ₹ 24,000 per month are outside the ambit of the Wages Act.

#### ***The Payment of Bonus Act, 1965 (“PB Act”)***

The PB Act, as amended from time to time provides for payment of bonus on the basis of profit to people employed in factories and establishments employing 20 or more persons on any day during an accounting year. The PB Act, presently applies to employees whose wages do not exceed ₹ 21,000 per month. Every employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus which is 8.33% of the salary or wage earned by the employee during the accounting year provided that an employee has worked in the establishment for not less than 30 days in that year.

#### ***The Payment Gratuity Act, 1972 (“Gratuity Act”)***

The Gratuity Act, as amended from time to time prescribes compulsory gratuity payable by factories, mines, plantations and other establishments where 10 or more persons are employed. The Gratuity Act entitles every employee who has completed 5 years of service (taken as 4 years and 240 days for those having a 6 day work week and 4 years and 190 days for those having a 5 day work week) to gratuity calculated at the rate of 15 days wage for each year of completed service or part thereof in excess of 6 months, subject to a maximum of ₹ 20 lakhs.

#### ***Employees State Insurance Act, 1948 (“ESI Act”)***

The ESI Act, as amended from time to time is a social security legislation provides for certain benefits to employees in case of sickness, maternity and employment injury. Employees drawing wages up to a certain limit in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer and employee to make certain contributions in relation thereto. The benefits provided under the ESI Act are applicable to those employees who earn up to ₹ 21,000 per month. In addition, the employer is also required to register himself under the ESI Act and maintain prescribed records and registers in addition to filing of forms with the concerned authorities.

#### ***The Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA Act”)***

Engaging ‘workmen’ through a third party contractor to undertake specific tasks in connection with the work of any establishment, is regulated by the Contract Labour (Regulation and Abolition) Act, 1970, as amended from time to time. The CLRA Act applies to an establishment in which 20 or more (50 or more in Maharashtra) ‘workmen’ are or were employed on any day in the preceding 12 months as contract labour. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, restrooms, drinking water, washing facilities, first aid and other facilities. In case the contractor fails to provide these amenities, the principal employer is under the obligation to provide the amenities. The appropriate government has the power under the CLRA Act to prohibit organisations/industries from engaging contract labour. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

#### ***The Employees Provident Funds and Miscellaneous Provisions Act, 1952 (“EPF Act”)***

The EPF Act, as amended from time to time provides for the institution of compulsory Provident Fund, Pension Fund and Deposit Linked Insurance Funds for the benefit of eligible employees in factories and establishments notified by the GoI from time to time. The EPF Act is applicable to notified establishments having 20 or more





employees. A liability is placed on the employer and employee to make certain contributions to the funds mentioned above after obtaining the necessary registrations. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The provisions of the Provident Fund Scheme and Pension Scheme currently do not apply to an employee whose salary exceeds ₹ 15,000 per month. The following three schemes have been framed under the Act by the Central Government: (a) The Employees' Provident Fund Schemes, 1952; (b) The Employees' Pension Scheme, 1995; and (c) The Employees' Deposit-Linked Insurance Scheme; 1976.

The EPF Act is administered by the Government of India through the Employees' Provident Fund Organization (EPFO). The Central Government has been constituted Employees' Provident Funds Appellate Tribunal to exercise the powers and discharge the functions conferred on such by Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

#### ***Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("SHWWA")***

The SHWWA has been introduced in 2013 to combat and redress the issue of workplace sexual harassment. SHWWA requires every employer having 10 or more employees (defined to include workers engaged through a contractor) to set up an Internal Complaints Committee ("ICC") to receive, investigate and redress grievances of workplace sexual harassment in a confidential and time bound manner. SHWWA also prescribes the constitution and quorum for the ICC, process and timelines for the inquiry and obligations of the employer and ICC.

#### ***The Equal Remuneration Act, 1976 and Equal Remuneration Rules, 1976***

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides for payment of equal wages for equal work of equal nature to male or female workers and for not making discrimination against female employees in the matters of transfers, training and promotion etc.

#### ***Certain other Labour laws and regulations that may be applicable to our Company include the following:***

- Apprentices Act, 1961
- Child Labour (Prohibition and Abolition) Act, 1986
- Industrial Employment (Standing Orders) Act, 1946
- Maharashtra Labour Welfare Fund Act, 1953
- Trade Union Act, 1926
- The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- The Employees Provident Funds and Miscellaneous Provisions Act, 1952
- The Maternity Benefits Act, 1961

In order to rationalize and reform labour laws in India, the Government of India intends to frame the Code on Wages, 2017. The Code on Wages Bill, 2017 was introduced in Lok Sabha on August 10, 2017 which will subsume four existing laws, if enacted, namely, (i) the Minimum Wages Act, 1948, (ii) the Payment of Wages Act, 1936, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.

#### ***Other Regulations***

In addition to the above, our Company is also required to comply with the provisions of Companies Act, 1956, to the extent applicable, the Companies Act, 2013 and other applicable statutes imposed by the Centre or the State for its day-to-day operations.



## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as Sky Gold Private Limited on May 07, 2008 under the Companies Act, 1956 with the Registrar of Companies, Mumbai bearing Registration No. 181989. The status of our Company was changed to a public limited company and the name of our Company was changed to Sky Gold Limited by a special resolution passed on June 19, 2018. A fresh Certificate of Incorporation consequent upon conversion was issued on June 26, 2018 by the Registrar of Companies, Mumbai. The Company's Corporate Identity Number is U36911MH2008PLC181989.

Our Company, Sky Gold Limited, is engaged in the business of designing, manufacturing and marketing of Gold jewellery since its incorporation. We mainly deal in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We have the ability to create localised product design mixes to suit various regional tastes. We cater to our customers' unique preferences, through our understanding of the local and regional market. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

Currently, we cater to a large number of wholesalers, showrooms and retailers who buy our products in bulk quantities. Due to our diversity of clients and the varied regions each of our clients cater to, we have developed an ability to design our jewellery products as per latest trends, fashion and demographic preference of the end customers. We offer a wide range of products from gold jewellery for special occasions such as weddings and festivals to daily wear jewellery for all ages, genders and across various price points. We cater to a variety of customers across mid-market and value market segments and our products are designed by our in-house team of creative designers and also certain freelance designers, allowing us to manage a large and diverse portfolio of designs. Our product range includes necklaces, rings, pendants, bracelets, earrings and bangles and customized jewellery based on customer demand. Besides, various clients in Mumbai and nearby areas, we also cater to various jewellery brands. We have incorporated the latest technology for our manufacturing facility which reduces our turnover time from order receipt to delivery to just 72 hours.

We have a dedicated and talented design team, focused on developing new products and designs that meet customers' requirements. We also customise jewellery for individual needs. Our in-house designers and freelance designers are skilled in 'Computer Aided Design' (CAD) who develop our designs for the purpose of manufacturing. Our designers focus on developing new products and designs that meet customers' needs as per their specifications. Our designers are up-to-date with the latest trends and fashion in the market and constantly provide designs for new ornaments regularly.

Our Company has seven (7) shareholders, as on the date of this Draft Prospectus.

We operate from a 2,740 sq. ft. sole manufacturing facility which is located in the heart of Mumbai city in Mulund (West) where we make casting based jewellery using rubber dye, wax moulds and machines. We have our central sales offices at Mumbai which looks after the overall marketing of our products. Besides, we have also set-up sales offices in Kerala and Telangana to offer better concentration and service in Southern regions of India. We have also recently begun export operations which are handled by our Mumbai sales office.

### Major Events

Year	MILESTONE
2008	The company was incorporated as Sky Gold Private Limited and started its business from Room No. 9, 2 <sup>nd</sup> Floor, 62/64, Govind Niwas, Dhanji Street, Mumbai – 400 003.
2009	The Company began manufacturing of casting jewellery (on a rent basis, owned by our promoters) at No. 115, Raja Industrial Estate, Jain Mandir Road, Mulund (West), Mumbai – 400 080.
2011	Our Company expanded its operations by starting to manufacture hand-made jewellery (on a rent basis, owned by our promoters) at No. 131, Raja Industrial Estate, Jain Mandir Road, Mulund (West), Mumbai – 400 080. Shifted our registered office from Room No. 9, 2 <sup>nd</sup> Floor, 62/64, Govind Niwas, Dhanji Street, Mumbai – 400 003 to No. 115, Raja Industrial Estate, Jain Mandir Road, Mulund (West), Mumbai – 400 080.
2012	Started branch offices in Delhi, Rajasthan and Karnataka.
2014	Closed branch offices in Delhi, Rajasthan and Karnataka.
2014	Shifted manufacturing (on a rent basis, now owned by our promoters) to Gala No. No. 1-01, 1-



Year	MILESTONE
	02, 1-03, Raja Industrial Estate, Jain Mandir Road, Mulund (West), Mumbai – 400 080.
2015	Went for automation of casting jewellery by adding new machinery and modernizing the manufacturing process and stopped manufacturing hand-made jewellery.
2016	Shifted our registered office to Gala No. No. 1-01, 1-02, 1-03, Raja Industrial Estate, Jain Mandir Road, Mulund (West), Mumbai – 400 080.
	Installed & added new German and Italian machinery and modernized the manufacturing process for casting jewellery.
	Set-up Corporate office cum sales office at No. 12, 13 and 14, 1 <sup>st</sup> Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002.
2018	Set-up sales offices in Telangana and Kerala.
	Our Company changed its status and converted from a private Limited to a Public Limited Company..

## MAIN OBJECTS

The main object of our Company is as follows:

*To carry on the business of importers, exporters, manufacturers, buyers, sellers, dealers, distributors, wholesalers, retailers, commission agents, traders, assemblers, designers, cutters, polishers and labour job in all kinds of gold & silver including gold & silver jewellery, ornaments, utensils, cut and uncut diamonds, including industrial grades, precious stones, semi- precious stones, pearls and diamonds studded jewellery ornaments, pearls and diamonds jewellery and other valuable articles.*

## CHANGES IN REGISTERED OFFICE OF OUR COMPANY

Date of Change	Change of the Registered Office		Reason for Change
	From	To	
On Incorporation	-	Room No. 9, 2 <sup>nd</sup> Floor, 62/64, Govind Niwas, Dhanji Street, Mumbai - 400 003	Incorporation
April 01, 2011	Room No. 9, 2 <sup>nd</sup> Floor, 62/64, Govind Niwas, Dhanji Street, Mumbai - 400 003	Gala No. 115, Raja Industrial Estate, Jain Mandir Road, Sarvoday Nagar, Mulund (West), Mumbai – 400 080	Administrative Convenience
January 29, 2016	Gala No. 115, Raja Industrial Estate, Jain Mandir Road, Sarvoday Nagar, Mulund (West), Mumbai – 400 080	Gala no 101,102,103, 1st Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund(West), Mumbai – 400 080	Administrative Convenience

## AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

Dates on which some of the main clauses of the Memorandum of Association of our Company have been changed citing the details of amendment as under:

Date	Nature of Amendment
October 7, 2010	The Increase in the Authorised Capital from ₹ 10,00,000/- (Rupees Ten Lakh Only) divided into 1,00,000 (One Lakh Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 50,00,000/- (Rupees Fifty Lakh Only) divided into 5,00,000 (Five Lakh Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.
October 11, 2012	The Increase in the Authorised Capital from ₹ 50,00,000/- (Rupees Fifty Lakhs Only) divided into 5,00,000 (Five Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 75,00,000/- (Rupees Seventy Five Lakhs Only) divided into 7,50,000 (Seven Lakhs Fifty Thousands Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.
October 22, 2013	The Increase in the Authorised Capital from ₹ 75,00,000/- (Rupees Seventy Five Lakhs Only) divided into 7,50,000 (Seven Lakhs Fifty Thousands Only) Equity



Date	Nature of Amendment
	Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 90,00,000/- (Rupees Ninety Lakhs Only) divided into 9,00,000 (Nine Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.
March 23, 2015	The Increase in the Authorised Capital from ₹ 90,00,000/- (Rupees Ninety Lakhs Only) divided into 9,00,000 (Nine Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.
March 23, 2018	The Increase in the Authorised Capital from ₹ 2,00,00,000/- (Rupees Two Crores Only) divided into 20,00,000 (Twenty Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 6,00,00,000/- (Rupees Six Crores Only) divided into 60,00,000 (Sixty Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.
June 19, 2018	Adoption / Alteration of Memorandum of Association pursuant to requirements of Companies Act, 2013 and pursuant to conversion of the Company from Private Limited to Public Limited.

## **HOLDING COMPANY**

Our Company does not have a holding company.

## **SUBSIDIARIES**

As on the date of this Draft Prospectus, we do not have any subsidiary company(s).

## **CHANGES IN THE ACTIVITIES OF OUR COMPANY IN THE LAST FIVE (5) YEARS**

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

## **RAISING OF CAPITAL IN THE FORM OF EQUITY OR DEBT**

Except as disclosed in the chapter titled “*Capital Structure*” on page no. 51 of this Draft Prospectus, our Company has not raised any capital in the form of equity or debt.

## **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS/ BANKS AND CONVERSION OF LOANS INTO EQUITY**

There have been no defaults or rescheduling of borrowings with the financial institutions / banks / debenture holders (if any). Except as stated in the chapter titled “*Capital Structure*” on page no. 51 of this Draft Prospectus, none of our outstanding loans have been converted into Equity Shares.

## **STRIKE, LOCK-OUTS, ETC.**

There have been no instances of any strikes, lockouts or instances of labour unrest in Our Company.

## **TIME & COST OVERRUN**

There have been no time/cost overruns pertaining to our business operations.

## **THE AMOUNT OF ACCUMULATED PROFIT/ (LOSSES) NOT ACCOUNTED FOR BY OUR COMPANY**

Except as stated in “*Risk Factors*” and “*Financial Statements*” on page no. 10 and 131 respectively, there are no accumulated profits or losses of either the Company that are not accounted for by our Company in the Restated Financial Statements.



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## **REVALUATION OF ASSETS**

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

## **JOINT VENTURES**

As on the date of this Draft Prospectus, there are no joint ventures of our Company.

## **SHAREHOLDERS' AGREEMENT**

There are no Shareholders' Agreements existing as on the date of this Draft Prospectus.

## **DETAILS REGARDING ACQUISITION OF BUSINESS / UNDERTAKINGS, MERGERS, AMALGAMATIONS**

We have not acquired any other business or undertaken any mergers, amalgamation, revaluation of assets in the last five years.

## **STRATEGIC AND FINANCIAL PARTNERS**

We do not have any Strategic and Financial partners as on the date of this Draft Prospectus.

## **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.

## **INJUNCTIONS OR RESTRAINING ORDERS**

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



## OUR MANAGEMENT

### Board of Directors:

Our Company has Six (6) Directors consisting of three (3) Executive Directors and three (3) Non Executive Independent Directors. Further, we have one women director on our Board. The present composition of our Board and its committees is in accordance with the corporate governance requirements, to the extent applicable to our Company, provided under the Companies Act 2013 and SEBI Listing Regulations. The following table sets forth the details of our Board of Directors as on the date of this Draft Prospectus:

Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
<b>Mr. Mangesh Chauhan</b> <i>Managing Director &amp; Chief Financial Officer</i>  <b>Address:</b> Flat No. 2301/ 2302, A Wing, Sarvodaya Height, Sarvodaya Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080  <b>Date of appointment as Director:</b> May 07, 2008  <b>Date of appointment as Managing Director and Chief Financial Officer:</b> July 19, 2018  <b>Term:</b> Appointed for a period of five years from July 19, 2018 to July 18, 2023.  <b>Occupation:</b> Business  <b>DIN:</b> 02138048	Indian	39 Years	NIL
<b>Mr. Mahendra Chauhan</b> <i>Whole-time Director</i>  <b>Address:</b> Flat No. 3, Dev Ashish CHS Limited, Ground Floor, Ganesh Gavde Road, Mulund (West), Mumbai – 400 080  <b>Date of appointment as Director:</b> May 07, 2008  <b>Date of appointment as Whole-time Director:</b> July 19, 2018  <b>Term:</b> Appointed for a period of five years from July 19, 2018 to July 18, 2023, liable to retire by rotation.  <b>Occupation:</b> Business  <b>DIN:</b> 02138084	Indian	39 Years	NIL
<b>Mr. Darshan Chauhan</b> <i>Whole-time Director</i>  <b>Address:</b> Flat No. 2301/ 2302, A Wing, Sarvodaya Height, Sarvodaya Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080	Indian	34 Years	NIL





Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
<p><b>Date of appointment as Director:</b> May 07, 2008</p> <p><b>Date of appointment as Whole-time Director:</b> July 19, 2018</p> <p><b>Term:</b> Appointed for a period of five years from July 19, 2018 to July 18, 2023, liable to retire by rotation.</p> <p><b>Occupation:</b> Business</p> <p><b>DIN:</b> 02138075</p>			
<p><b>Mr. Dilip Gosar</b> <i>Non Executive Independent Director</i></p> <p><b>Address:</b> 1504, Neelkanth Heights, B.P Cross Road, Mulund (West), Mumbai – 400 080</p> <p><b>Date of Appointment as Non Executive Independent Director:</b> July 19, 2018</p> <p><b>Term:</b> Appointed for a period of five years from July 19, 2018 to July 18, 2023, not liable to retire by rotation.</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 07514842</p>	Indian	51 Years	Mitsu Chem Plast Limited
<p><b>Mrs. Maitri Patel</b> <i>Non Executive Independent Director</i></p> <p><b>Address:</b> B-10, Anand Sindhu CHS, Cama Cross Lane, Ghatkopar (West), Mumbai - 400086</p> <p><b>Date of Appointment as Non Executive Independent Director:</b> August 01, 2018</p> <p><b>Term:</b> Appointed until next Annual General Meeting</p> <p><b>Occupation:</b> Professional</p> <p><b>DIN:</b> 08184616</p>	Indian	26 Years	NIL
<p><b>Mr. Loukik Tipnis</b> <i>Non Executive Independent Director</i></p> <p><b>Address:</b> Flat No. 706, 7<sup>th</sup> Floor, Harimangal Manor, Telang Road, Matunga, Mumbai - 400019</p> <p><b>Date of Appointment as Non Executive Independent Director:</b> August 01, 2018</p> <p><b>Term:</b> Appointed until next Annual General</p>	Indian	31 Years	NIL



Name, Current Designation, Address, Occupation, Term and DIN	Nationality	Age	Other Directorships
Meeting  <b>Occupation:</b> Professional  <b>DIN:</b> 08188583			

For further details on their qualification, experience etc., please see their respective biographies under the heading “Brief Biographies” below:

Notes:

- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There are no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is or was a director of any listed company during the last five years preceding the date of the 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 the Directors is or was a director of any listed company which has been or was delisted from any recognized stock exchange in India during the term of their directorship in such company.
- None of the Directors is categorized as a wilful defaulter, as defined under SEBI (ICDR) Regulations.

## BRIEF BIOGRAPHIES OF OUR DIRECTORS

### Mr. Mangesh Chauhan

Mr. Mangesh Chauhan, aged 39 years, is the Managing Director & Chief Financial Officer of our Company. He is one of the founding members of our Company. He has more than 15 years of experience in Gems and Jewellery industry and started his career by working in local shops at Zaveri Bazar, Mumbai. In April 2005, he founded a partnership firm namely “M/s. Sky Gold” with Mr. Mahendra Chauhan. Later in 2008, the then partners mutual decided to dissolve the partnership firm and started “Sky Gold Private Limited” to in-house manufacture and market their own jewellery collection. He is mainly heading the finance department of the Company and also involved in the marketing department. As the Managing Director, he is responsible for the overall growth and strategy formulation & implementation of our Company.

### Mr. Mahendra Chauhan

Mr. Mahendra Chauhan, aged 39 years, is the Whole-Time Director of our Company. He is one of the founding members of our Company. He has more than 15 years of experience in Gems and Jewellery industry and started his career by working in local shops at Zaveri Bazar, Mumbai. He, in April 2005, along with Mr. Mangesh Chauhan, started a partnership firm under the name of “M/s. Sky Gold” mainly for marketing of gold jewellery. In the year 2008, the then partners mutual decided to dissolve the partnership firm and started “Sky Gold Private Limited” to in-house manufacture and market their own jewellery collection. Over the years he has amassed huge experience in manufacturing of gold jewellery, its technology and overall production process. Currently, he is primarily responsible for heading the production department of our Company.

### Mr. Darshan Chauhan

Mr. Darshan Chauhan, aged 34 years, is the Whole-time Director of our Company. He holds Bachelor of Commerce Degree from Mumbai University. He has more than twelve years of experience in Gem & Jewellery industry. He was, in the year 2006, introduced as a partner in the partnership firm viz. “M/s. Sky Gold”. He continued his experience in the industry as a Director of Sky Gold Limited Pvt. Ltd, which was formed by all the partners of the above partnership firm. He is currently involved in conceptualizing and visualizing new



designs, product improvisation, styling, pricing and business development. He is also technically well versed with plant & machinery and thus oversees the smooth functioning of manufacturing process and machineries.

#### **Mr. Dilip Gosar**

Mr. Dilip Gosar, aged 51 years, is the Non-Executive Independent Director of our Company. He is a Fellow Member of Institute of Chartered Accountants of India and started his own CA firm in the year 1989 by the name of M/s. Gosar & Gosar. He has amassed more than 25 years of experience in the areas of accounting, auditing, advisory, taxation, business consultancy and a host of other value added financial and legal consultancy. As the Independent Director of our Company he is responsible for providing his expertise & inputs and for ensuring the board adheres to the required corporate governance requirements.

#### **Mrs. Maitri Patel**

Mrs. Maitri Patel, aged 26 years, is the Non-Executive Independent Director (Additional Director) of our Company. She holds Bachelor's Degree in the field of Commerce from Mumbai University and also holds LL.B. Degree from Mumbai University. She is an associate member of the Institute of Company Secretaries of India. She has approximately 2 years of experience of working with a Practicing Company Secretary including management training of approximately 15 months. Currently, she is handling compliances and financial matters at her family business, M/s. Shree Padmavati Enterprises.

#### **Mr. Loukik Tipnis**

Mr. Loukik Tipnis, aged 31 years is the Non-Executive Independent Director (Additional Director) of our Company. He holds LL.B. Degree from Mumbai University. He is a member of Bar Council of India and a practicing professional in legal field. He has approximately 6 years of experience including in the field of accounts and law. Post Graduation, he was associated with Mukesh Bansal and Co. as Accountant for 2 years. Thereafter he started pursuing career in law and did 1 year of internship with C.R. Naidu & Associates. He practiced as Junior Advocate for a year and is currently employed as Advocate for matters in SRA since past 2 Years.

### **RELATIONSHIP BETWEEN DIRECTORS**

Except as stated below, none of the Directors of the Company are related to each other:

1. Mr. Mangesh Chauhan and Mr. Darshan Chauhan are brothers.
2. Mr. Mahendra Chauhan is Cousin of Mr. Mangesh Chauhan and Mr. Darshan Chauhan.

### **Borrowing Powers of our Board of Directors**

Our Company at its Extra-Ordinary General Meeting held on August 02, 2018 passed a resolution authorizing the 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 money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deem fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed ₹ 100 crores.

### **REMUNERATION OF EXECUTIVE DIRECTORS**

#### **Mr. Mangesh Chauhan, Managing Director & Chief Financial Officer**

The remuneration of our Managing Director, Mr. Mangesh Chauhan as per resolution passed in the Extra Ordinary General Meeting held on August 02, 2018 is detailed hereunder:

Salary: ₹ 50.00 lakhs per annum, inclusive of any remuneration directly or otherwise or by way of salary and allowances, performance based rewards/ incentives for a period of three years.



Remuneration paid to Mr. Mangesh Chauhan for FY 2017-18 was ₹ 8.70 lakhs

#### **Mr. Mahendra Chauhan, Whole-time Director**

The remuneration of our Whole-time Director, Mr. Mahendra Chauhan as per resolution passed in the Extra Ordinary General Meeting held on August 02, 2018 is detailed hereunder:

Salary: ₹ 50.00 lakhs per annum, inclusive of any remuneration directly or otherwise or by way of salary and allowances, performance based rewards/ incentives for a period of three years.

Remuneration paid to Mr. Mahendra Chauhan for FY 2017-18 was ₹ 8.70 lakhs

#### **Mr. Darshan Chauhan, Whole-time Director**

The remuneration of our Whole-time Director, Mr. Darshan Chauhan as per resolution passed in the Extra Ordinary General Meeting held on August 02, 2018 is detailed hereunder:

Salary: ₹ 50.00 lakhs per annum, inclusive of any remuneration directly or otherwise or by way of salary and allowances, performance based rewards/ incentives for a period of three years.

Remuneration paid to Mr. Darshan Chauhan for FY 2017-18 was ₹ 8.70 lakhs

#### **Compensation to the Non Executive Directors and Non Executive Independent Director**

Pursuant to a resolution passed at the meeting of the Board of the Company on August 03, 2018 the Non-Executive Directors and Non-Executive Independent Director will be paid ₹ 5,000 for attending every Board and Committee Meeting of the Company.

Remuneration paid to our Non-Executive Directors and Non Executive Independent Director in Fiscal 2018: Nil

#### **Shareholding of Directors**

The following table sets forth the shareholding of our Directors as on the date of this Draft Prospectus:

<b>Name of Directors</b>	<b>No. of Equity Shares held</b>	<b>% of Pre-Issue Paid Up Capital</b>
Mr. Mangesh Chauhan	11,62,000	29.40%
Mr. Mahendra Chauhan	11,54,000	29.20%
Mr. Darshan Chauhan	11,54,000	29.20%
Mr. Dilip Gosar	-	-
Mrs. Maitri Patel	-	-
Mr. Loukik Tipnis	-	-
<b>Total Holding of Directors</b>	<b>34,70,000</b>	<b>87.80%</b>
<b>Total Paid up Capital</b>	<b>39,51,940</b>	<b>100.00%</b>

#### **Interest of the Directors**

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or allotted to the companies in which they are interested as Directors, Members, and Promoter, pursuant to this issue. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Promoters namely Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan avail rent of ₹ 21.00 lakhs from our Company for renting of a property located at Gala no. 101, 102, 103, 1<sup>st</sup> Floor, Raja



Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400 080. Further, our Promoters namely Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan are interested to the extent of interest received on loans advanced by them to our Company.

Except as stated in this section titled “*Our Management*” and the section titled “*Annexure XXV - Related Party Transactions*” beginning on page nos. 111 and 148 of this Draft Prospectus respectively, our Directors do not have any other interest in our business.

Except as disclosed in “*Properties*” within the section titled “*Our Business*” on page no. 94 of this Draft Prospectus, our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Prospectus. Further, except as disclosed in “*Properties*” within the section titled “*Our Business*” on page no. 94 of this Draft Prospectus, our Company has not taken any property on lease from our Promoter within two years of the date of this Draft Prospectus.

### **Changes in the Board of Directors in the last three years**

Following are the changes in our Board of Directors in the last three years:

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Date of Change</b>	<b>Reason for change</b>
1.	Mr. Mangesh Chauhan	July 19, 2018	Change in Designation as Managing Director
2.	Mr. Mahendra Chauhan	July 19, 2018	Change in Designation as Whole-time Director
3.	Mr. Darshan Chauhan	July 19, 2018	Change in Designation as Whole-time Director
4.	Mr. Dilip Gosar	July 19, 2018	Appointment as Non Executive Independent Director
5.	Mrs. Maitri Patel	August 01, 2018	Appointment as Additional Non Executive Independent Director
6.	Mr. Loukik Tiknis	August 01, 2018	Appointment as Additional Non Executive Independent Director

### **CORPORATE GOVERNANCE**

The provisions of the SEBI (LODR) Regulations, 2015 with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI (LODR) Regulations, 2015, the SEBI Regulations and the Companies Act, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and SEBI (LODR) Regulations, 2015. The Board functions either as a full board or through various committees constituted to oversee specific functions. Our executive management provides our Board detailed reports on its performance periodically.

Currently, our Board has six (6) Directors comprising of three (3) Executive Directors and three (3) Non Executive Independent Directors. We have one (1) women Director on our Board.

#### **Committees of our Board**

We have constituted the following committees of our Board of Directors for compliance with Corporate Governance requirements:

1. Audit Committee
2. Stakeholder’s Relationship Committee
3. Nomination and Remuneration Committee

#### **1. Audit Committee**

The Audit Committee of our Board was constituted by our Directors by a board resolution dated August 03, 2018 pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises:



Name of the Member	Nature of Directorship	Designation in Committee
Mr. Dilip Gosar	Non Executive Independent Director	Chairman
Mr. Loukik Tipnis	Non Executive Independent Director	Member
Mr. Mangesh Chauhan	Managing Director	Member

The scope of Audit Committee shall include but shall not be restricted to the following:

- a. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d. Reviewing, with the management, the annual 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
  - Qualifications in the draft audit report.
- e. Reviewing, with the management, the half yearly financial statements before submission to the board for approval
- f. 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.
- g. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h. Approval or any subsequent modification of transactions of the company with related parties;
- i. Scrutiny of inter-corporate loans and investments;
- j. Valuation of undertakings or assets of the company, wherever it is necessary;
- k. Evaluation of internal financial controls and risk management systems;
- l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- m. 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.
- n. Discussion with internal auditors any significant findings and follow up there on.
- o. 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.





- p. 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.
- q. 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.
- r. To review the functioning of the Whistle Blower mechanism.
- s. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

*The Audit Committee enjoys following powers:*

- a. To investigate any activity within its terms of reference
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice
- d. To secure attendance of outsiders with relevant expertise if it considers necessary
- e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

*The Audit Committee shall mandatorily review the following information:*

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The Company Secretary of the Company acts as the Secretary to the Committee.



### *Meeting of Audit Committee*

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present.

## **2. Stakeholder's Relationship Committee**

The Stakeholder's Relationship Committee of our Board was constituted by our Directors pursuant to section 178 (5) of the Companies Act, 2013 by a board resolution dated August 03, 2018. The Stakeholder's Relationship Committee comprises:

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
Mr. Loukik Tipnis	Non Executive Independent Director	Chairman
Mr. Mahendra Chauhan	Whole-time Director	Member
Mr. Darshan Chauhan	Whole-time Director	Member

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

- Allotment and listing of our shares in future;
- Redressing of shareholders and investors complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
- Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
- And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

The Company Secretary of our Company acts as the Secretary to the Committee.

### *Quorum and Meetings*

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater.

## **3. Nomination and Remuneration Committee**

The Nomination and Remuneration Committee of our Board was constituted by our Directors pursuant to section 178 of the Companies Act, 2013 by a board resolution dated August 03, 2018.

The Nomination and Remuneration Committee currently comprises:

<b>Name of the Member</b>	<b>Nature of Directorship</b>	<b>Designation in Committee</b>
Mr. Dilip Gosar	Non Executive Independent Director	Chairman
Mrs. Maitri Patel	Non Executive Independent Director	Member
Mr. Loukik Tipnis	Non Executive Independent Director	Member

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:



- 
- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
  - b. Formulation of criteria for evaluation of Independent Directors and the Board;
  - c. Devising a policy on Board diversity;
  - d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

#### *Quorum and Meetings*

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

The Company Secretary of our Company acts as the Secretary to the Committee.

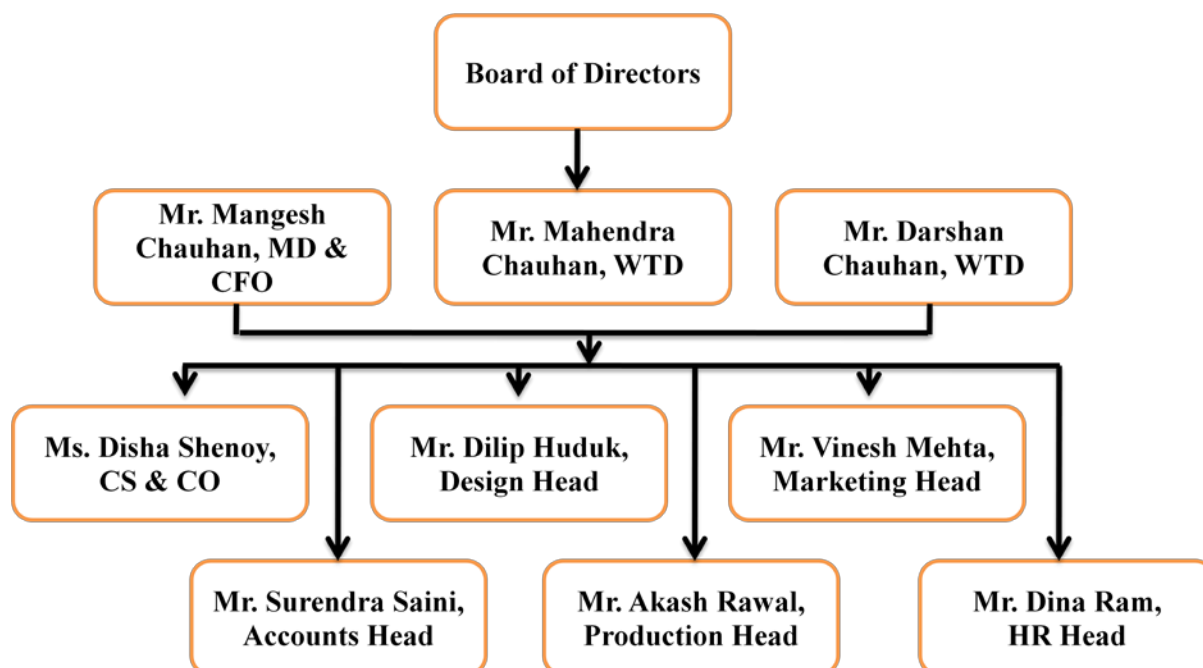
#### **Policy on Disclosures & Internal procedure for prevention of Insider Trading**

The provisions of Regulation 8 and 9 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 Stock Exchange. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of our Equity Shares on stock exchange. Further, Board of Directors have approved and adopted the policy on insider trading in view of the proposed public offer.

Our Board is 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.



## Management Organization Structure



### Terms & Abbreviations:

CFO	-	Chief Financial Officer
CS & CO	-	Company Secretary and Compliance Officer
HR	-	Human Resource
MD	-	Managing Director
WTD	-	Whole-time Director



## Key Managerial Personnel

The details of our key managerial personnel are as below:

Name of Employee	Designation & Functional Area	Date of Appointment	Compensation for Last Fiscal (₹ in lakhs)	Qualification	Name of Previous Employer(s)	Total years of Experience (approximately)
Mr. Mangesh Chauhan	Chief Financial Officer	July 19, 2018	N. A. <sup>(1)</sup>	Undergraduate	<ul style="list-style-type: none"> <li>Local jewellery shop at Zaveri Bazar, Mumbai (2002 – 2005)</li> <li>M/s. Sky Gold</li> </ul>	15 years
Ms. Disha Shenoy	Company Secretary & Compliance Officer	August 01, 2018	N. A.	<ul style="list-style-type: none"> <li>B.Com</li> <li>LL. B.</li> <li>Company Secretary</li> </ul>	Makarand M. Joshi & Company	3 years (including 15 months of training)
Mr. Surendra Saini	Accounts Head	February 15, 2014	2.32	B.Com	-	4 years
Mr. Dilip Huduk	Design Head	December 01, 2017	2.00	Undergraduate	M/s. Shanti Gold	30 years <sup>(2)</sup>
Mr. Akash Rawal	Production Head	July 01, 2014	6.63	Bachelor of Arts	-	4 years
Mr. Vinesh Mehta	Marketing Head	December 01, 2015	3.38	Undergraduate	<ul style="list-style-type: none"> <li>Sangam Chains &amp; Jewels LLP</li> <li>Alankar International</li> </ul>	15 years
Mr. Dina Ram	HR & Admin Head	May 07, 2008	2.98	Undergraduate	-	10 years

<sup>(1)</sup> Mr. Mangesh Chauhan has received compensation as the Director of the Company in the last fiscal, i.e. 2017-18. For details, please refer the chapter “Our Management” beginning on page no. 111 of this Draft Prospectus.

<sup>(2)</sup> Was associated with various Companies/entities as freelance designer for about 17 years.

### Other Notes –

The aforementioned KMP are on the payrolls of our Company as permanent employees.

Also, they are not related parties as per the Accounting Standard 18, except our CFO, Mr. Mangesh Chauhan, who is the Promoter and Managing Director of our Company.

### Relationship amongst the Key Managerial Personnel

None of the aforementioned KMP's are related to each other. Also, none of them have been selected pursuant to any arrangement / understanding with major shareholders / customers / suppliers.

### Shareholding of Key Managerial Personnel

None of our KMP's holds any shares of our Company as on the date of this Draft Prospectus, except Mr. Mangesh Chauhan who holds 11,62,000 shares i.e. 29.40% of the total pre – Issue paid-up capital.

### Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company, other than to the extent of remuneration of benefits to which they are entitled as per their terms of appointment and reimbursement of expenses



incurred by them during the ordinary course of business. Further, if any Equity Shares are allotted to our Key Managerial Personnel prior to / in terms of this Issue, they will be deemed to be interested to the extent of their shareholding and / or dividends paid or payable on the same.

**Bonus or Profit Sharing Plan for the Key Managerial Personnel during the last three years**

Our Company does not have fixed bonus / profit sharing plan for any of the employees or key managerial personnel.

**Loans taken by Key Management Personnel**

None of our Key Managerial Personnel have taken any loan from our Company.

**Employee Share Purchase and Employee Stock Option Scheme**

Presently, we do not have ESOP / ESPS scheme for employees.

**Payment or Benefit to our Officers**

Except for the payment of salaries and yearly bonus, if any, we do not provide any other benefits to our employees.

**Changes in the Key Managerial Personnel in the three years preceding the date of filing this Draft Prospectus**

Except as disclosed below, there has been no change in KMPs in past three years from the date of this Draft Prospectus:

Name of Employee	Designation & Functional Area	Date of Appointment / Date of Change in Designation
Mr. Mangesh Chauhan	Chief Financial Officer	July 19, 2018
Ms. Disha Shenoy	Company Secretary and Compliance Officer	July 19, 2018
Mr. Dilip Huduk	Design Head	December 01, 2017
Mr. Surendra Saini	Accounts Head	April 01, 2018
Mr. Akash Rawal	Production Head	April 01, 2018
Mr. Vinesh Mehta	Marketing Head	April 01, 2018
Mr. Dina Ram	HR & Admin Head	April 01, 2018







## OUR PROMOTERS AND PROMOTER GROUP


The Promoters of our Company are:

1. Mr. Mangesh Chauhan
2. Mr. Mahendra Chauhan
3. Mr. Darshan Chauhan

The details of our Individual Promoters are provided below:

Mr. Mangesh Chauhan	
	<b>PAN:</b> ABUPC6024B
	<b>Passport No.:</b> N3718363
	<b>Driver's License:</b> N.A.
	<b>Voter's ID No.:</b> NNX3130739
	<b>Aadhaar:</b> 5159 1614 7643
	<b>Bank A/c No.:</b> 50100115871417
	<b>Name of Bank &amp; Branch:</b> HDFC Bank, Mulund West, Ratan Galaxie Branch
	<b>Other Interests:</b> Nil

Mr. Mahendra Chauhan	
	<b>PAN:</b> ABUPC6025A
	<b>Passport No.:</b> R5688987
	<b>Driver's License:</b> MH03 20080018741
	<b>Voter's ID No.:</b> N.A.
	<b>Aadhaar:</b> 4001 3448 2644
	<b>Bank A/c No.:</b> 50100115717203
	<b>Name of Bank &amp; Branch:</b> HDFC Bank, Mulund West, Ratan Galaxie Branch
	<b>Other Interests:</b> Nil

Mr. Darshan Chauhan	
	<b>PAN:</b> AHUPC1299C
	<b>Passport No.:</b> N5217844
	<b>Driver's License:</b> MH03 20060015325
	<b>Voter's ID No.:</b> N.A.
	<b>Aadhaar:</b> 2131 1660 8651
	<b>Bank A/c No.:</b> 50100115852991
	<b>Name of Bank &amp; Branch:</b> HDFC Bank, Mulund West, Ratan Galaxie Branch
	<b>Other Interests:</b> Nil

*For additional details on the age, background, personal address, educational qualifications, experience, positions / posts, other ventures and Directorships held in the past, please see the chapter titled "Our Management" beginning on page no. 111 of this Draft Prospectus.*

*For details of the build-up of our Promoters shareholding in our Company, please see "Capital Structure – Notes to Capital Structure" on page no. 52 of this Draft Prospectus.*

### Other Undertakings and Confirmations

We confirm that the Permanent Account Number, Bank Account number and Passport number of our Promoters shall be submitted to the Stock Exchange at the time of filing of the Draft Prospectus with the Stock Exchange.



Our Promotes and the members of our Promoter Group have confirmed that they have not been identified as wilful defaulters by the RBI or any other governmental authority.

No violations of securities laws have been committed by our Promoters in the past or are currently pending against them. Our Promoters is not debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

#### **Interests of Promoters**

None of our Promoters / Directors have any interest in our Company except to the extent of compensation payable / paid and reimbursement of expenses (if applicable) and to the extent of any equity shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as director, member, partner, and / or trustee, and to the extent of benefits arising out of such shareholding. However, our Promoters / Directors namely Mr. Mangesh Chauhan, Mr. Mahendra Chauhan and Mr. Darshan Chauhan may be interested to the extent of interest received on loans advanced by them to our Company. For further details on the interest of our promoters in our Company, please see the chapters titled “*Capital Structure*”, “*Financial Information*” and “*Our Management*” beginning on page nos. 51, 131 and 111 of this Draft Prospectus.

Except as stated otherwise in this Draft Prospectus, we have not entered into any contract, agreements or arrangements in which our 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 including the properties purchased by our Company other than in the normal course of business.

For Further details on the related party transaction, to the extent of which our Company is involved, please see “*Annexure XXV - Statement of Related Party Transaction*” on page no. 148 of this Draft Prospectus.

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

There are no Common Pursuits between our Company and our Promoters. Further, as on the date of this Draft Prospectus, our Promoters have no interest in any venture that is involved in activities similar to those conducted by our Company.

Our Company will adopt necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

#### **Companies with which the Promoters has disassociated in the last three years**

Except as mentioned below, our Promoters have not disassociated themselves from any companies, firms or entities during the last three years preceding the date of the Draft Prospectus:

<b>Sr. No.</b>	<b>Name of the Promoter</b>	<b>Name of the Entity</b>	<b>Date of Cessation / Disassociation</b>
1.	Mr. Darshan Chauhan	Nakoda Bhairav Chains & Jewels	August 21, 2017

#### **Payment of Amounts or Benefits to the Promoters or Promoter Group during the last two years**

Except as stated in “*Annexure XXV – Statement of Related Party Transactions*” under the chapter “*Financial Statements*” on page no. 148 of this Draft Prospectus, there has been no other payment of benefits to our Promoters during the two years preceding the date of this Draft Prospectus.

#### **Interest of Promoters in the Promotion of our Company**

Our Company is currently promoted by the promoters in order to carry on its present business. Our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company.



### Interest of Promoters in the Property of our Company

Our Promoters have confirmed that they do not have any interest in any property acquired by our Company within two years preceding the date of the Draft Prospectus or proposed to be acquired by our Company as on the date of this Draft Prospectus.

However, our Company's registered office situated at Gala no 101,102,103, 1st Floor, Raja Industrial Estate, Sarvoday Nagar, Jain Mandir Road, Mulund (West), Mumbai – 400080 are taken on rent from our Promoters. Our Promoters are interested to the extent of rent being paid by our Company to them. For details, please see “*Our Business - Properties*” and “*Annexure XXV - Related Party Transactions*” on page nos. 94 and 148 respectively, of this Draft Prospectus.

### Interest of Promoters in our Company other than as Promoters

Other than as Promoters, our Promoters are interested in our Company to the extent of their shareholding and directorship in our Company and the dividend declared, if any, by our Company. For details please see chapters titled “*Our Management*” and “*Capital Structure*” beginning on page nos. 111 and 51 respectively of this Draft Prospectus.

Except as mentioned in this section and the chapters titled “*Capital Structure*”, “*Our Business*”, “*History and Certain Corporate matters*” and “*Annexure XXV – Statement of Related Party Transactions*” on page nos. 51, 81, 107 and 148 of this Draft Prospectus, respectively, our Promoters do not have any interest in our Company other than as Promoters.

### Related Party Transactions

Except as stated in the “*Annexure XXV – Statement of Related Party Transactions*” on page no. 148 of this Draft Prospectus, our Company has not entered into related party transactions with our Promoters.

### Shareholding of the Promoter Group in our Company

For details of shareholding of members of our Promoter Group as on the date of the Draft Prospectus, please see the chapter titled “*Capital Structure – Notes to Capital Structure*” beginning on page no. 52 of this Draft Prospectus.

### Other Confirmations

Our Company has neither made any payments in cash or otherwise to our Promoters or to firms or companies in which our Promoters are interested as members, directors or promoters nor have our Promoters been offered any inducements to become directors 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 “*Annexure XXV – Statement of Related Party Transactions*” on page no. 148 of this Draft Prospectus.

### Outstanding Litigation

There are no outstanding litigation against our Promoters except as disclosed in the section titled “*Risk Factors*” and chapter titled “*Outstanding Litigation and Material Developments*” beginning on page nos. 10 and 164 of this Draft Prospectus.

## OUR PROMOTER GROUP

In addition to the Promoters named above, the following natural persons and entities form part of our Promoter Group in terms of Regulation 2 (1) (zb) (ii) of the SEBI (ICDR) Regulation, 2009.

### A. Natural Persons who are Part of the Promoter Group

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Mangesh Chauhan	Mr. Ramesh Chauhan	Father
	Mrs. Pavan Chauhan	Mother
	Mrs. Dipika Chauhan	Wife
	Mr. Darshan Chauhan	Brother
	Mrs. Padma Jain	Sister
	Master Veer Chauhan	Son



	Ms. Pari M Chauhan	Daughter
	Mr. Ramesh Jain	Wife's Father
	Mrs. Sushila Jain	Wife's Mother
	Mr. Kamlesh Jain and Mr. Rupesh Jain	Wife's Brother(s)

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Mahendra Chauhan	Mr. Champalal Chauhan	Father
	Mrs. Asha Chauhan	Mother
	Mrs. Mamta Chauhan	Wife
	Mr. Sanjay Chauhan	Brother(s)
	Mr. Manish Chauhan	
	Master Kaksh Chauhan	Son(s)
	Master Jash Chauhan	
	Mr. Sukanraj Ataji	Wife's Father
	Mrs. Narangiben Ataji	Wife's Mother
	Mr. Prakash Ataji and Mr. Sandeep Ataji	Wife's Brother(s)

Name of the Promoter	Name of the Relative	Relationship with the Promoter
Mr. Darshan Chauhan	Mr. Ramesh Chauhan	Father
	Mrs. Pavan Chauhan	Mother
	Mrs. Heena Chauhan	Wife
	Mr. Mangesh Chauhan	Brother
	Mrs. Padma Jain	Sister
	Master Siddh Chauhan	Son
	Mr. Madan Kothari	Wife's Father
	Mrs. Manjula Kothari	Wife's Mother
	Mr. Deepak Kothari	Wife's Brother(s)

***B. Companies / Corporate Entities forming part of the Promoter Group***

As per Regulation 2(1)(zb)(iv) of the SEBI (ICDR) Regulations, 2009, the following Companies / Trusts / Partnership firms / HUFs or Sole Proprietorships shall form part of our Promoter Group:

Sr. No.	Name of Promoter Group Entity/Company
1.	Mangesh R Chauhan HUF
2.	Mahendra C Chauhan HUF
3.	Darshan R Chauhan HUF
4.	Ramesh G Chauhan HUF
5.	Champalal G Chauhan HUF
6.	Sanjay C Chauhan HUF
7.	Kamlesh Jain HUF



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## OUR GROUP COMPANY

In terms of the SEBI Regulations and in terms of the policy of materiality defined by the Board pursuant to its resolution dated August 03, 2018 our Group Companies include:

1. Those companies disclosed as related parties in accordance with Accounting Standard (“AS 18”) issued by the Institute of Chartered Accountants of India, in the Restated Financial Statements of the Company for the last five financial years and
2. All companies forming part of the Related Party Transactions, with whom our Company has entered into one or more transactions during any of the last three fiscals such that the transaction value with our Company in any of the aforementioned fiscals / period exceeds 1% of the total revenue of our Company in the respective fiscals / period.

Further, companies which have been disclosed as related parties in the Restated Financial Statements of our Company for the last five financial years, and which are no longer associated with our Company have not been disclosed as Group Companies.

Based on the above; as on the date of this Draft Prospectus; we do not have any Group Company.



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## **CURRENCY, UNITS OF PRESENTATION AND EXCHANGE RATES**

All references to “Rupees”, “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “US Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

This Draft Prospectus may contain conversions of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI Regulations. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.





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## **DIVIDEND POLICY**

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

There are no dividends declared by our Company since incorporation.

Our Company does not have any formal dividend policy for 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 will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.



## SECTION VI – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

#### REPORT OF THE AUDITORS ON FINANCIAL STATEMENTS

To,  
The Board of Directors  
**Sky Gold Limited**  
Gala 101,102,103,  
Raja Industrial Estate, Sarvoday Nagar,  
Mulund (W), Mumbai – 400 080

Dear Sirs,

**Re.: Proposed Public Issue of Equity Shares of Sky Gold Limited**

1. We have examined Financial Statements and Other Financial Information of Sky Gold Limited (the 'Company') formerly known as Sky Gold Private Limited, taking into consideration the terms of reference and terms of our engagement agreed upon with you in connection with the proposed IPO of the Company and the Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
2. The said Restated Financial Statements and other Financial Information have been prepared for the purposes of inclusion in the Prospectus in connection with the proposed Initial Public Offer ("IPO") of the Company in accordance with the requirements of:
  - i. Sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 read with applicable provisions within Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (hereinafter referred to as the "Act");
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'SEBI Regulations') and the related clarifications issued by the Securities and Exchange Board of India ('SEBI'); as amended to date;
3. We have examined the accompanied 'Restated Statement of Profit and Loss' (**Annexure – II**) for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014 and the 'Restated Statement of Assets and Liabilities' (**Annexure – I**) as on those dates, forming Part of the 'Financial Information' dealt with by this Report, detailed below. Both read together with the Significant Accounting Policies and Notes to Accounts (**Annexure – IV & V**) thereon, which are the responsibility of the Company's management. The information has been extracted from the financial statements for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014. The Financial Statements for the Financial Year ended March 31, 2018 were re-audited by us and the Financial Statements for the Financial Years ended March 31, 2017, 2016, 2015 and 2014 were audited by M/s. Jain Kishor & Company, Chartered Accountants being the Statutory Auditors of the Company and approved by the Board of Directors and upon which we have placed our reliance while reporting.
4. In terms of Schedule VIII, Clause IX (9) of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts of Sky Gold Limited, we, M/s. V J Shah & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.
5. Based on our examination, we further report that:
  - The Restated Statement of Assets and Liabilities of the Company for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014 examined by us, as set out in **Annexure I** to this examination report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the statement of significant accounting policies in **Annexure IV** and the Notes to Accounts in **Annexure V**.
  - The Restated Statement of Profit and Loss of the Company for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014 examined by us, as set out in **Annexure II** to this examination report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the



statement of significant accounting policies in **Annexure IV** and the Statement of Adjustments to the audited financial statements in **Annexure V**.

- The Restated Statement of Cash Flows of the Company for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014 examined by us, as set out in **Annexure III** to this examination report, are after making adjustments and regrouping as in our opinion were appropriate and more fully described in the statement of significant accounting policies in **Annexure IV** and the Notes to Accounts in **Annexure V**.
- The Restated Financial Statements have been made after incorporating adjustments for:
  - i. The changes, if any, in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per the changed accounting policy for all the reporting period /years.
  - ii. Prior period and other material amount in the respective financial years to which they relate.

Which are stated in the Notes to Accounts as set out in **Annexure V**:

- Such Financial statements do not require any corrective adjustments on account of :
    - i. Other remarks/comments in the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub - section (4A) of section 227 of the act, on financial statements of the company for the financial years ended on March 31, 2018, 2017, 2016, 2015, and 2014
    - ii. Extra-ordinary items that need to be disclosed separately in the accounts requiring adjustments.
6. At the request of the company, we have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:
- i) Schedule of Share Capital (Annexure - VI)
  - ii) Schedule of Reserves & Surplus (Annexure - VII)
  - iii) Schedule of Long Term Borrowings (Annexure – VIII)
  - iv) Schedule of Deferred Tax Liabilities (Annexure – IX)
  - v) Schedule of Long Term Provisions (Annexure – X)
  - vi) Schedule of Short Term Borrowings (Annexure – XI)
  - vii) Schedule of Trade Payables (Annexure – XII)
  - viii) Schedule of Other Current Liabilities (Annexure – XIII)
  - ix) Schedule of Short Term Provisions (Annexure – XIV)
  - x) Schedule of Fixed Assets (Annexure - XV)
  - xi) Schedule of Deferred Tax Assets (Annexure – XVI)
  - xii) Schedule of Non Current Investments (Annexure – XVII)
  - xiii) Schedule of Inventories (Annexure – XVIII)
  - xiv) Schedule of Trade Receivables (Annexure – XIX)
  - xv) Schedule of Cash and Cash Equivalents (Annexure – XX)
  - xvi) Schedule of Short Term Loans & Advances (Annexure – XXI)
  - xvii) Schedule of Other Current Assets (Annexure – XXII)
  - xviii) Schedule of Revenue from Operations (Annexure – XXIII)
  - xix) Schedule of Other Income (Annexure – XXIV)
  - xx) Schedule of Related Party Transactions (Annexure –XXV)
  - xxi) Capitalization Statement (Annexure –XXVI)
  - xxii) Summary of Accounting Ratios (Annexure – XXVII)
  - xxiii) Schedule of Dividend Declared (Annexure – XXVIII)
  - xxiv) Schedule of Contingent Liability (XXIX)
  - xxv) Statement of Tax Shelter (Annexure – XXX)
7. In our opinion, the Restated Financial Statements and the other Financial Information set forth in Annexure I to XXX read with the significant accounting policies and notes to the restated financial statements have been prepared in accordance with section 26, read with applicable provisions within Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013 and the SEBI Regulations and the Guidance Note on the reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (ICAI).



Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As a result of these regrouping and adjustments, the amount reported in the financial information may not necessarily be the same as those appearing in the respective audited financial statements for the relevant years.

8. This report should not in any way construed as a re-issuance or re-drafting of any of the previous audit reports issued by the Statutory Auditors nor should this report be construed as a new opinion on any of the financial statement referred to therein.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. This report is intended solely for your information and for inclusion in the Offer document in connection with the Company's proposed IPO of equity shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For M/s. V J Shah & Co.**  
**Chartered Accountants**  
**(Firm Registration No.: 109823W)**

**Kirti Malde**  
**Partner**  
Membership No. - 101919

Place: Mumbai  
Date: August 18, 2018



**Annexure I**  
**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholder's funds</b>					
a) Share Capital	395.19	98.80	98.80	86.75	86.75
b) Reserves & Surplus	952.87	986.62	892.69	702.27	628.29
<b>Total Shareholders Fund</b>	<b>1,348.06</b>	<b>1,085.42</b>	<b>991.49</b>	<b>789.02</b>	<b>715.04</b>
<b>Non-Current liabilities</b>					
a) Long Term Borrowings	-	525.00	295.00	295.00	295.00
b) Deferred Tax Liabilities	-	-	-	0.50	2.71
c) Long Term Provisions	18.33	9.67	9.82	9.86	6.37
<b>Total</b>	<b>643.33</b>	<b>534.67</b>	<b>304.82</b>	<b>305.36</b>	<b>304.08</b>
<b>Current liabilities</b>					
a) Short Term Borrowings	5,182.58	2,023.32	2,114.30	1,786.49	1,597.34
b) Trade Payables	2.74	15.72	21.50	8.10	11.58
c) Other Current Liabilities	2.80	-	-	-	-
d) Short Term Provisions	69.69	37.04	54.19	26.58	20.53
<b>Total</b>	<b>4,632.81</b>	<b>2,076.09</b>	<b>2,189.99</b>	<b>1,821.17</b>	<b>1,629.46</b>
<b>T O T A L</b>	<b>6,624.20</b>	<b>3,696.17</b>	<b>3,486.30</b>	<b>2,915.56</b>	<b>2,648.57</b>
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
a) Fixed Assets					
i) Tangible Assets	438.48	227.30	180.40	110.49	95.19
ii) Intangible Assets	-	-	-	-	-
Gross Block	438.48	227.30	180.40	110.49	95.19
Less: Accumulated Depreciation	139.45	105.61	75.97	54.02	34.96
<b>Net Block</b>	<b>299.03</b>	<b>121.69</b>	<b>104.43</b>	<b>56.47</b>	<b>60.23</b>
iii) Capital Work in Progress	-	-	-	-	-
b) Non-Current Investment	102.35	159.94	-	-	-
c) Long term Loans & Advances	-	-	-	-	-
d) Other Non-Current Assets	-	-	-	-	-
e) Deferred Tax Assets	8.63	5.19	1.91	-	-
<b>Total</b>	<b>410.01</b>	<b>286.82</b>	<b>106.35</b>	<b>56.47</b>	<b>60.23</b>
<b>Current Assets</b>					
a) Inventories	2,485.88	1,895.86	87.57	1,353.39	448.24
b) Trade Receivables	2,954.97	1,449.81	3,261.63	1,462.27	2,087.34
c) Cash and Cash Equivalents	532.98	15.11	1.37	19.01	37.47
d) Short Term Loans & Advances	1.63	0.94	1.00	-00	-00
e) Other Current Assets	238.72	47.63	28.38	24.43	15.30
<b>Total</b>	<b>6,214.19</b>	<b>3,409.35</b>	<b>3,379.95</b>	<b>2,859.09</b>	<b>2,588.35</b>
<b>T O T A L</b>	<b>6,624.20</b>	<b>3,696.17</b>	<b>3,486.30</b>	<b>2,915.56</b>	<b>2,648.57</b>



**Annexure II**  
**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>INCOME:</b>					
Revenue from Operations	54,886.27	16,441.05	18,331.31	12,777.45	9,624.74
Other Income	3.26	-	-	-	-
<b>Total Income</b>	<b>54,889.53</b>	<b>16,441.05</b>	<b>18,331.31</b>	<b>12,777.45</b>	<b>9,624.74</b>
<b>EXPENSES:</b>					
Cost of Material Consumed	54358.39	17469.67	16,341.73	13,101.57	9,172.13
Change in Inventory	(590.02)	(1,808.29)	1,265.83	(905.15)	(29.49)
Purchase of Stock-In-Trade	-	97.69	23.33	-	-
Employee benefits expenses	111.88	103.99	112.12	96.32	71.80
Finance costs	342.10	285.03	297.69	294.54	255.24
Depreciation and amortization expense	33.83	29.64	21.95	10.81	9.93
Administrative and other expenses	239.56	119.85	124.53	55.46	50.45
<b>Total expenses</b>	<b>54,495.75</b>	<b>16,297.58</b>	<b>18,187.19</b>	<b>12,653.54</b>	<b>9,530.05</b>
<b>Profit before Prior period item, exceptional item, extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Prior period items	-	-	-	-	-
<b>Profit before exceptional item, extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Exceptional items	-	-	-	-	-
<b>Profit before extraordinary items and tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Extraordinary items	-	-	-	-	-
<b>Net Profit /(Loss) before tax</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
Less: Tax expense					
Current tax	134.58	52.82	52.52	43.88	32.55
MAT credit	-	-	-	-	-
Deferred tax	(3.44)	(3.28)	(2.42)	(2.20)	(1.46)
Short Provision for earlier years					
Taxation adjustments for earlier years					
<b>Total Tax Expense</b>	<b>131.14</b>	<b>49.54</b>	<b>50.10</b>	<b>41.67</b>	<b>31.09</b>
<b>Net Profit /(Loss) after tax</b>	<b>262.64</b>	<b>93.93</b>	<b>94.03</b>	<b>82.24</b>	<b>63.59</b>





**Annexure III**  
**CASH FLOW STATEMENT, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b><u>Cash flow from operating activities:</u></b>					
Net Profit Before Tax	393.78	143.47	144.12	123.91	94.68
Adjusted for:	-	-	-	-	-
Preliminary Expenses w/off	-	-	-	-	0.10
Profit/Loss on Sale of Fixed Asset	-	-	-	-	-
Depreciation & Amortisation	33.83	29.64	21.95	10.81	9.93
Interest & Financial Charges	311.49	242.84	257.63	288.93	254.99
Tax adjustment of earlier years	-	-	-	-	-
<b>Operating Profit Before Working Capital Changes</b>	<b>739.10</b>	<b>415.95</b>	<b>423.71</b>	<b>423.65</b>	<b>359.70</b>
Adjusted for (Increase)/ Decrease in:					
Trade Receivables	(1,505.16)	1,811.83	(1,799.37)	625.08	5.16
Inventories	(590.02)	(1,808.29)	1,265.83	(905.15)	(29.49)
Short Term Loans and Advances	(0.69)	0.06	(1.00)	-	-
Other Current Assets	(191.09)	(19.25)	(3.95)	(9.13)	(0.16)
Trade Payables	(12.98)	(5.78)	13.40	(3.48)	(73.87)
Short Term Provisions	32.65	(17.15)	27.61	6.05	(16.78)
Other Current Liabilities	2.80	-	-	-	(4.00)
Long Term Provisions	8.66	(0.15)	(0.04)	3.49	1.55
<b>Cash Generated From Operations Before Extra-Ordinary Items</b>	<b>(1,516.73)</b>	<b>377.21</b>	<b>(73.82)</b>	<b>140.50</b>	<b>242.11</b>
Direct Tax Paid	134.58	52.82	52.52	43.88	32.55
<b>Net Cash Flow from/(used in) Operating Activities: (A)</b>	<b>(1,651.31)</b>	<b>324.39</b>	<b>(126.34)</b>	<b>96.62</b>	<b>209.56</b>
<b><u>Cash Flow From Investing Activities:</u></b>	<b>-</b>				
Net Additions of Fixed Assets	(211.18)	(46.90)	(69.92)	(15.30)	(17.46)
Changes in Capital WIP	-	-	-	-	-
Increase / (Decrease) in Non-Current Investment	57.59	(159.94)	-	-	-
<b>Net Cash Flow from/(used in) Investing Activities: (B)</b>	<b>(153.59)</b>	<b>(206.84)</b>	<b>(69.92)</b>	<b>(15.30)</b>	<b>(17.46)</b>
<b><u>Cash Flow from Financing Activities:</u></b>	<b>-</b>				
Issue of Share Capital	-	-	108.44	-	135.00
Increase / (Decrease) in Long Term Borrowing	100.00	230.00	-	-	-
Increase / (Decrease) in Short Term Borrowing	2,534.25	(90.98)	327.81	189.14	(45.33)
Interest & Financial Charges	(311.49)	(242.84)	(257.63)	(288.93)	(254.99)
Investment in Fixed Deposit (Margin money)	(59.58)	-	-	-	-
Earmarked balance Against Gold Loan	(430.52)	-	-	-	-
<b>Net Cash Flow from/(used in) Financing Activities (C)</b>	<b>1,832.67</b>	<b>(103.82)</b>	<b>178.61</b>	<b>(99.79)</b>	<b>(165.31)</b>



Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>27.77</b>	<b>13.74</b>	<b>(17.64)</b>	<b>(18.46)</b>	<b>26.78</b>
<b>Cash &amp; Cash Equivalents As At Beginning of the Year</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>	<b>10.69</b>
<b>Cash &amp; Cash Equivalents As At End of the Year</b>	<b>42.89</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>
<u>Cash &amp; Cash Equivalents comprises of :</u>					
Cash in Hand	42.50	14.07	1.32	19.01	37.47
Bank Balance	<b>0.39</b>	<b>1.04</b>	<b>0.05</b>	-	-
Closing Balance of Cash & Cash Equivalents	<b>42.89</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>

Reconciliation of Cash & Cash Equivalents–

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Cash &amp; Cash Equivalents as per Cash flow statement</b>	42.89	15.11	1.37	19.01	37.47
Add: Earmarked bank balances / accounts held as margin money	490.10	-	-	-	-
<b>Cash &amp; Cash Equivalents as per Statement of Assets &amp; Liabilities</b>	<b>532.98</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>

Note: The cash flow statement has been prepared on the basis of restated statement of profit & loss and balance sheet



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## **Annexure IV**

### **SIGNIFICANT ACCOUNTING POLICIES**

#### **1. System of Accounting:**

The Company adopts mercantile method in the preparation of accounts and the going concern principles with revenues recognized and expenses accounted on accrual basis and the financial statements are in compliance with the accounting standard referred to in Section 133 of the Companies Act, 2013.

#### **2. Sale of Products:**

Revenue from sale of goods is recognized when all the significant risks & rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects GST, sales taxes & value added tax (VAT) on behalf of the government & therefore these are not economic benefits flowing to the company. Hence they are excluded from the revenue.

##### **a. Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company & the revenue can be reliably measured.

##### **b. Interest:**

Interest is recognized on a time proportion basis taking into account the amount outstanding & the applicable interest rate.

##### **c. Dividend:**

Dividend is recognized when the company's right to receive dividend is established by the reporting date.

#### **3. Inflation:**

Assets & liabilities are recorded at historical costs to the company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### **4. Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation.

#### **5. Depreciation:**

Depreciation is provided on written down value method as per the useful life prescribed in Schedule II of the Companies Act, 2013.

#### **6. Inventories:**

Inventories are valued at Average cost or Market Value whichever is lower.

#### **7. Cash & Cash Equivalents:**

Cash & cash equivalents in the cash flow statement comprise of cash at bank & cash in hand.

#### **8. Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit for the year attributable to equity shareholders & weighted average number of shares outstanding during the year is adjusted for the effect of all dilutive potential equity shares.



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9. Provisions:

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation & a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date & adjusted to reflect the current best estimates.

10. Employee Benefits:

The Company's provident fund schemes are defined contribution plans. The contribution paid / payable under the scheme are recognized immediately in the statement of profit and loss.

The employees' gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined at each Balance Sheet date based on actuarial valuation carried out by an independent actuary using Projected Unit Credit (PUC) method. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent the benefits are already vested past service cost is recognized immediately.

The Company does not have any system of accumulation of unutilized privilege leave applicable to its employees and no provision is made for the same.

11. Financial Derivative and commodity forward contract:

In respect of derivatives/forward contracts premium paid, gains/losses on settlement and losses on restatement are recognized in Profit & Loss Account or Sales & Purchase.

12. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements 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 the results are known/ materialized

13. There are no Auditor's Qualifications in any of the Financial Statements of the Company.



**Annexure V**  
**NOTES TO ACCOUNTS**

**1. Managerial Remuneration**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Salaries and Allowances	26.10	18.00	10.80	10.50	6.00

**2. Remuneration to Auditors**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Audit Fees	0.30	0.30	0.30	0.30	0.30

**3. Deferred Tax**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Deferred tax (liabilities)/assets arising on account of timing difference in:</b>					
Opening Balance	5.19	1.91	(0.50)	(2.71)	(4.16)
Depreciation	0.57	3.20	2.35	0.87	0.81
Gratuity Expenses	2.87	0.07	0.07	1.34	0.64
<b>Closing Balance</b>	<b>8.63</b>	<b>5.19</b>	<b>1.91</b>	<b>(0.50)</b>	<b>(2.71)</b>

4. The company has not received any intimation from supplier regarding their status under micro, small and medium enterprises development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the year end together with interest payable as required under the said Act have not furnished.
5. The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
6. Previous year figures have been regrouped and reclassified whenever necessary to confirm to the current year classification.
7. There are no Auditor's Qualification in any of the audited Financial Statements as at and for the years ended March 31, 2018, 2017, 2016, 2015, 2014.



## ADJUSTMENTS MADE IN RESTATED FINANCIAL STATEMENTS / REGROUPING NOTES

### Adjustments having impact on profit

Changes done in reserves & surplus has been restated for the financial years 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18.

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Reserves &amp; Surplus as per audited financial statement</b>	389.05	434.85	340.98	255.23	171.95
Add/ (Less): Difference in Depreciation	-	-	-	(8.25)	-
Add/ (Less): Difference in Deferred tax rectified for earlier years	-	(0.28)	(0.50)	(3.52)	(4.16)
Add/ (Less): Difference in Deferred tax rectified for current year	-	0.28	0.22	3.01	0.64
Add/ (Less): Gratuity Provision For Current Years	-	(0.22)	(0.20)	(4.05)	(2.08)
Add/ (Less): Gratuity Provision For Earlier Years	-	(11.15)	(10.95)	(6.90)	(4.82)
<b>Reserves &amp; Surplus as per restated financial statement</b>	389.05	423.48	329.55	235.52	161.54

Impact on Profit and Loss A/c

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Profit as per Audited Financials</b>	261.97	93.87	94.01	83.27	65.03
Add / Less: Gratuity Expenses	-	(0.22)	(0.20)	(4.05)	(2.08)
Add / Less: Difference in Deferred tax rectified	-	0.28	0.22	3.01	0.64
<b>Profit as per Restated Financials</b>	261.97	93.93	94.03	82.24	63.59

### Adjustments not having impact on profit

Appropriate adjustments have been made in the restated summary statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financial statements of the Company, prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2009 (as amended).





**Annexure VI**  
**STATEMENT OF SHARE CAPITAL, AS RESTATED**

(₹ in lakhs except no. of shares)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Equity Share Capital</b>					
<b>Authorized Share capital</b>					
9,00,000 Equity Shares of ₹ 10/- each	-	-	-	-	90.00
20,00,000 Equity Shares of ₹ 10/- each	-	200.00	200.00	200.00	-
60,00,000 Equity Shares of ₹ 10/- Each	600.00	-	-	-	-
<b>Total</b>	<b>600.00</b>	<b>200.00</b>	<b>200.00</b>	<b>200.00</b>	<b>90.00</b>
<b>Issued, Subscribed and Fully Paid Up Share Capital</b>					
8,67,500 Equity Shares of ₹ 10/- each fully paid up	-	-	-	86.75	86.75
9,87,985 Equity Shares of ₹ 10/- each fully paid up	-	98.80	98.80	-	-
39,51,940 Equity Shares of ₹ 10/- each fully paid up	395.19	-	-	-	-
<b>Total</b>	<b>395.19</b>	<b>98.80</b>	<b>98.80</b>	<b>86.75</b>	<b>86.75</b>

Note: 29,63,955 Equity Shares of ₹ 10/- each were issued as bonus shares during FY:2017-2018

**Reconciliation of number of shares outstanding:**

(in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Equity Shares</b>					
Equity shares at the beginning of the year of ₹ 10/- each	9.88	9.88	8.68	8.68	8.68
Issued during the year	29.64	-	1.20	-	-
<b>Equity Shares at the end of the year</b>	<b>39.52</b>	<b>9.88</b>	<b>9.88</b>	<b>8.68</b>	<b>8.68</b>

As on the date of this report, all equity shares are ranked pari-passu.

**Annexure VII**  
**STATEMENT OF RESERVES AND SURPLUS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Profit &amp; Loss A/c</b>					
Opening Balance	423.48	329.55	235.52	161.54	106.92
<b>Add / (Less): Changes during the year</b>					
Add: Profit After Tax	262.64	93.93	94.03	82.24	63.59
Less: Tax adjustment of earlier years	-	-	-	-	-
Less: Deferred Tax adjustment of earlier years	-	-	-	-	(4.16)
Less: Adjustment For Depreciation	-	-	-	(8.25)	-
Less: Gratuity Provision for earlier Years	-	-	-	-	(4.82)
<b>Total (a)</b>	<b>686.12</b>	<b>423.48</b>	<b>329.55</b>	<b>235.52</b>	<b>161.54</b>
<b>Security Premium</b>					



Opening Balance	563.14	563.14	466.75	466.75	349.75
Add / (Less): Changes during the year					
Add: Premium on share capital	-	-	96.39	-	117.00
Less: Bonus Shares Issued	(296.40)	-	-	-	-
<b>Total (b)</b>	<b>266.74</b>	<b>563.14</b>	<b>563.14</b>	<b>466.75</b>	<b>466.75</b>
<b>Total Reserves (a+b)</b>	<b>952.87</b>	<b>986.62</b>	<b>892.69</b>	<b>702.27</b>	<b>628.29</b>

**Annexure VIII**  
**STATEMENT OF LONG TERM BORROWINGS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Secured Loans</b>					
From Banks	-	-	-	-	-
<b>Unsecured Loans</b>					
<b>Promoter/Promoter group</b>					
From Directors	-	525.00	295.00	295.00	295.00
From Related Parties	-	-	-	-	-
<b>From others</b>					
Inter Corporate Loans	-	-	-	-	-
<b>T O T A L</b>	<b>-</b>	<b>525.00</b>	<b>295.00</b>	<b>295.00</b>	<b>295.00</b>
<b>Current maturities of long term debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure IX**  
**STATEMENT OF DEFERRED TAX LIABILITIES, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Deferred Tax Liabilities	-	-	-	0.50	2.71
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>2.71</b>

**Annexure X**  
**STATEMENT OF LONG TERM PROVISIONS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Provision for gratuity	18.33	9.67	9.82	9.86	6.37
<b>TOTAL</b>	<b>18.33</b>	<b>9.67</b>	<b>9.82</b>	<b>9.86</b>	<b>6.37</b>

**Annexure XI**  
**STATEMENT OF SHORT TERM BORROWINGS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Secured Loan</b>					
Promoter/Promoter group	-	-	-	-	-
Others	3,702.57	1,911.11	2,108.21	1,523.81	1,395.46
<b>Unsecured Loan</b>					
Promoter/Promoter group	1,480.01	112.21	6.09	262.68	201.89
Others	-	-	-	-	-
<b>T O T A L</b>	<b>5,182.58</b>	<b>2,023.32</b>	<b>2,114.30</b>	<b>1,786.49</b>	<b>1,597.34</b>



The above amounts in Annexure X and XI include:

Secured Borrowings	3,702.57	1,911.11	2,108.21	1,523.81	1,395.46
Unsecured Borrowings	1,480.01	637.21	301.09	557.68	496.89
<b>Total</b>	<b>5,182.58</b>	<b>2,548.32</b>	<b>2,409.30</b>	<b>2,081.49</b>	<b>1,892.34</b>

Note: For details of the terms of sanction, maturity and other details of outstanding loans please refer chapter “Financial Indebtedness” on page no. 161 of this Draft Prospectus.

**Annexure XII**  
**STATEMENT OF TRADE PAYABLES AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Trade Payable</b>					
<b>Unsecured, considered goods</b>					
Promoter/Promoter group	-	-	-	-	-
Others	2.74	15.72	21.50	8.10	11.58
<b>TOTAL</b>	<b>2.74</b>	<b>15.72</b>	<b>21.50</b>	<b>8.10</b>	<b>11.58</b>

**Annexure XIII**  
**STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Security deposits received	2.80	-	-	-	-
<b>TOTAL</b>	<b>2.80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Annexure XIV**  
**STATEMENT OF SHORT TERM PROVISIONS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Gratuity	3.37	1.70	1.33	1.09	0.53
Provision for Taxation	52.32	18.00	22.87	12.61	10.53
Statutory Dues Payable	11.69	9.49	13.22	6.89	7.97
Sundry Expenses Payable	2.31	7.85	16.77	6.00	1.50
<b>Total</b>	<b>69.69</b>	<b>37.04</b>	<b>54.19</b>	<b>26.58</b>	<b>20.53</b>

**Annexure XV**  
**STATEMENT OF FIXED ASSETS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>FACTORY BUILDING</b>					
Gross Block	-	-	-	-	-
Addition during the year	156.84	-	-	-	-
Reductions during the year	-	-	-	-	-
Adjusted to General Reserves	-	-	-	-	-
Depreciation During the year	0.53	-	-	-	-
Deductions from depreciation	-	-	-	-	-



Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Accumulated Depreciation	-	-	-	-	-
<b>Closing Balance</b>	<b>156.84</b>	-	-	-	-
<b>PLANT AND MACHINERY</b>					
Gross Block	143.90	123.64	67.36	61.94	56.39
Addition during the year	41.17	20.26	56.28	5.42	5.55
Reductions during the year	-	-	-	-	-
Adjusted to General Reserves	-	-	-	5.57	-
Depreciation During the year	20	18.88	12.10	5.34	5.35
Deductions from depreciation	-	-	-	-	-
Accumulated Depreciation	67.88	48.99	36.90	25.99	20.64
Net Asset written off	-	-	-	-	-
Net Depreciation written off	-	-	-	-	-
<b>Closing Balance</b>	<b>117.19</b>	<b>94.90</b>	<b>74.65</b>	<b>30.46</b>	<b>35.95</b>
<b>FURNITURE AND FIXTURES</b>					
Gross Block	72.01	45.51	36.03	26.53	14.72
Addition during the year	11.95	26.50	9.48	9.50	11.82
Reductions during the year	-	-	-	-	-
Adjusted to General Reserves	0	-	-	2.22	-
Depreciation During the year	12.07	8.74	7.51	4.69	3.50
Deductions from depreciation	-	-	-	-	-
Accumulated Depreciation	28.04	19.30	11.79	4.88	1.38
Net asset written off	-	-	-	-	-
Net Depreciation written off	-	-	-	-	-
<b>Closing Balance</b>	<b>55.93</b>	<b>43.97</b>	<b>26.21</b>	<b>24.24</b>	<b>21.65</b>
<b>VEHICLES</b>					
Gross Block	4.00	4.00	4.00	4.00	4.00
Addition during the year	-	-	-	-	-
Reductions during the year	-	-	-	-	-
Adjusted to General Reserves	-	-	-	0.19	-
Depreciation During the year	0.18	0.29	0.44	0.50	0.67
Deductions from depreciation	-	-	-	-	-
Accumulated Depreciation	3.49	3.20	2.76	2.07	1.39
Net Asset written off	-	-	-	-	-
Net Depreciation written off	-	-	-	-	-
<b>Closing Balance</b>	<b>0.51</b>	<b>0.51</b>	<b>0.80</b>	<b>1.24</b>	<b>1.93</b>
<b>COMPUTER</b>					
Gross Block	7.40	7.26	3.10	2.72	2.62
Addition during the year	1.21	0.14	4.16	0.38	0.10
Reductions during the year	-	-	-	-	-
Adjusted to General Reserves	-	-	-	0.27	-
Depreciation During the year	0.83	1.73	1.90	0.28	0.40
Deductions from depreciation	-	-	-	-	-
Accumulated Depreciation	6.21	4.48	2.57	2.02	1.62
Net Asset written off	-	-	-	-	-
Net Depreciation written off	-	-	-	-	-
<b>Closing Balance</b>	<b>2.40</b>	<b>1.19</b>	<b>2.78</b>	<b>0.53</b>	<b>0.70</b>
<b>Gross Block</b>	<b>227.30</b>	<b>180.40</b>	<b>110.49</b>	<b>95.19</b>	<b>77.73</b>
<b>Net Addition</b>	<b>211.18</b>	<b>46.90</b>	<b>69.92</b>	<b>15.30</b>	<b>17.46</b>
<b>Total Depreciation For the Year</b>	<b>33.83</b>	<b>29.64</b>	<b>21.95</b>	<b>10.81</b>	<b>9.93</b>
<b>Difference adjusted to General Reserve</b>	-	-	-	<b>8.25</b>	-



Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Total Accumulated Depreciation</b>	<b>105.61</b>	<b>75.97</b>	<b>54.02</b>	<b>34.96</b>	<b>25.03</b>
<b>Net Block</b>	<b>299.03</b>	<b>121.69</b>	<b>104.43</b>	<b>64.72</b>	<b>60.23</b>

#### Annexure XVI

#### STATEMENT OF DEFERRED TAX ASSETS, AS RESTATED

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Deferred Tax Assets	8.63	5.19	1.91	-	-
<b>Total</b>	<b>8.63</b>	<b>5.19</b>	<b>1.91</b>	<b>-</b>	<b>-</b>

#### Annexure XVII

#### STATEMENT OF NON-CURRENT INVESTMENTS, AS RESTATED

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Office at Kanak Chambers - 13	-	52.28	-	-	-
Office at Kanak Chambers - 14	-	52.28	-	-	-
Office at Kanak Chambers - 12A	-	52.28	-	-	-
Plot at Pali - Rajasthan	3.10	3.10	-	-	-
Unit No 7, Raja Industrial Estate	99.25	-	-	-	-
<b>TOTAL</b>	<b>102.35</b>	<b>159.94</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### Annexure XVIII

#### STATEMENT OF INVENTORIES AS RESTATED

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Inventories	2,485.88	1,895.86	87.57	1,353.39	448.24
<b>Total</b>	<b>2,485.88</b>	<b>1,895.86</b>	<b>87.57</b>	<b>1,353.39</b>	<b>448.24</b>

#### Annexure XIX

#### STATEMENT OF TRADE RECEIVABLES AS RESTATED

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>O/s less than six months</b>					
<b>Considered good</b>					
Promoter/Promoter group	-	-	-	-	-
Others	2,952.32	1,422.54	3,261.63	1,462.27	2,087.34
<b>O/s more than six months</b>					
Promoter/Promoter group	-	-	-	-	-
Others	2.65	27.27	-	-	-
<b>TOTAL</b>	<b>2,954.97</b>	<b>1,449.81</b>	<b>3,261.63</b>	<b>1,462.27</b>	<b>2,087.34</b>



**Annexure XX**  
**STATEMENT OF CASH AND CASH EQUIVALENTS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Cash On Hand	42.50	14.07	1.32	19.01	37.47
<b>Balances with Banks</b>					
Bank Balance In Current Accounts (HDFC Bank)	0.39	1.04	0.05	-	-
Bank Balance In Deposit Accounts (ICICI Bank - (Earmarked Against Gold Loan))	430.52	-	-	-	-
Fixed Deposit With ICICI Bank (Held As Margin Money)	59.58	-	-	-	-
Total	490.49	1.04	0.05	-	-
<b>TOTAL</b>	<b>532.98</b>	<b>15.11</b>	<b>1.37</b>	<b>19.01</b>	<b>37.47</b>

**Annexure XXI**  
**STATEMENT OF SHORT TERM LOANS AND ADVANCES, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
<b>Promoter/Promoter Group</b>	-	-	-	-	-
<b>Others</b>					
Advances to employees	1.63	0.94	1.00	-	-
<b>Total</b>	<b>1.63</b>	<b>0.94</b>	<b>1.00</b>	<b>-</b>	<b>-</b>

**Annexure XXII**  
**STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2017	2016	2015	2014
Advances to Suppliers	33.96	3.00	7.03	6.67	3.00
GST Refundable	92.07	-	-	-	-
Deposit Receivable	4.63	2.44	2.69	0.03	1.38
Prepaid Expenses	3.72	0.22	-	0.32	-
Advance Brokerage on Shares	2.36	-	-	-	-
Sales Tax Refund Receivable	41.98	41.98	16.89	16.89	10.92
Other Receivables	60.00	-	1.76	0.51	-
<b>Total</b>	<b>238.72</b>	<b>47.63</b>	<b>28.38</b>	<b>24.43</b>	<b>15.30</b>

**Annexure XXIII**  
**STATEMENT OF REVENUE FROM OPERATIONS, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Sale of Products</b>					
Finished goods	54,286.03	15,957.28	17,874.02	12,590.39	9,480.97
<b>Sale of services</b>					
Labour Charges	600.24	483.77	457.29	187.06	143.76
<b>Total</b>	<b>54,886.27</b>	<b>16,441.05</b>	<b>18,331.31</b>	<b>12,777.45</b>	<b>9,624.74</b>





**Annexure XXIV**  
**SCHEDULE OF OTHER INCOME, AS RESTATED**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Other income</b>					
Interest on Fixed Deposit	1.75	-	-	-	-
Rent Income	1.50	-	-	-	-
Miscellaneous Income	0.01	-	-	-	-
<b>Total</b>	<b>3.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Profit Before Tax as Restated	393.78	143.47	144.12	123.91	94.68
<b>Other Income as % of Net Profit Before Tax</b>	<b>0.83%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

**Annexure XXV**  
**STATEMENT OF RELATED PARTY TRANSACTIONS, AS RESTATED**

As per Accounting Standard 18 on related party disclosure issue by the Institute of Chartered Accountants of India, the Company's related parties are disclosed below:

(i) Key Managerial Personnel

For the year ended March 31,				
2018	2017	2016	2015	2014
Darshan R. Chauhan	Darshan R. Chauhan	Darshan R. Chauhan	Darshan R. Chauhan	Darshan R. Chauhan
Mahendra C. Chauhan	Mahendra C. Chauhan	Mahendra C. Chauhan	Mahendra C. Chauhan	Mahendra C. Chauhan
Mangesh R. Chauhan	Mangesh R. Chauhan	Mangesh R. Chauhan	Mangesh R. Chauhan	Mangesh R. Chauhan

(ii) Particulars of Transactions with Related Parties

**Key Management Personnel**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>1) Finance</b>	842.79	336.12	-	60.79	-
Loan Taken	-	-	(256.59)	-	(29.30)
Repayment of Loan taken					
<b>2) Expenses</b>	87.37	64.30	52.70	58.16	66.35
Interest Paid	26.10	18.00	10.80	10.50	6.00
Remuneration	21.00	21.00	21.00	9.00	9.00
Rent					
<b>3) Outstanding</b>	1,480.01	637.21	301.09	557.68	496.89
Unsecured Loans	0.51	19.06	36.14	13.16	8.55
Payables	842.79	336.12	-	60.79	-



**Annexure XXVI**  
**STATEMENT OF CAPITALIZATION**

(₹ in lakhs)

Particulars	Pre-Issue (as at March 31, 2018)	Post Issue
<b>Debt</b>		
Long Term Debt (including current maturity on long term debt)	-	-
Short term debt	5,182.58	3,702.57
<b>Total debts (A)</b>	<b>5,182.58</b>	<b>3,702.57</b>
<b>Shareholder's funds</b>		
Share capital	395.19	537.19
Reserve and surplus	952.87	[•]
<b>Total (B)</b>	<b>1,348.06</b>	<b>[•]</b>
<b>Long term debt (including current maturity of long term debt) / Shareholder's funds</b>	-	[•]
<b>Total debt / shareholder's funds</b>	3.84	[•]

**Annexure XXVII**  
**STATEMENT OF ACCOUNTING RATIOS, AS RESTATED**

(₹ in lakhs except share data)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
Restated PAT as per P & L Account	262.64	93.93	94.03	82.24	63.59
Actual Number of Equity Shares outstanding at the end of the year/ period	39,51,940	9,87,985	9,87,985	8,67,500	8,67,500
Equivalent Weighted Avg. number of Equity Shares at the end of the year/ period	39,51,940	39,51,940	39,14,615	36,90,286	36,89,639
Diluted Weighted Avg. number of Equity Shares at the end of the year / period	39,51,940	39,51,940	39,14,615	36,90,286	36,89,639
Share Capital	395.19	98.80	98.80	86.75	86.75
Reserves & Surplus	952.87	986.62	892.69	702.27	628.29
<b>Net Worth</b>	<b>1,348.06</b>	<b>1,085.42</b>	<b>991.49</b>	<b>789.02</b>	<b>715.04</b>
<b>Earnings Per Share:</b>					
Basic	6.65	2.38	2.40	2.23	1.72
Diluted	6.65	2.38	2.40	2.23	1.72
Return on Net Worth (%)	19.48%	8.65%	9.48%	10.42%	8.89%
Net Asset Value Per Share (₹)	34.11	109.86	100.35	90.95	82.43
Nominal Value per Equity share (₹)	10.00	10.00	10.00	10.00	10.00

*Notes on Accounting Ratios:*

- The above statement should be read with the Significant accounting policies and notes to accounts appearing in Annexure IV & V respectively.
- Formulas used for calculating above ratios are as under:
  - Basic EPS is being calculated by using the formula: (Net Profit after excluding Extra-ordinary items / Equivalent Weighted Average No. of outstanding shares)
  - Net Asset Value is being calculated by using the formula: (Net Worth / Actual Number of Equity Shares at year end)
  - Return on Net worth is being calculated by using the formula: ( Profit After Tax / Networth )
  - Net Tangible Assets comprises Net Fixed Assets and Net Working Capital.

Notes:



- There is no revaluation reserve in last five years in our company.
- As there is no dilutive capital in the company, Basic and Diluted EPS are similar.
- Weighted Average No. of Equity Shares are calculated after giving effect for Bonus and Rights Issue in FY 17-18 and FY 2015-16 respectively

**Annexure XXVIII**  
**SCHEDULE OF DIVIDEND DECLARED, AS RESTATED**

Particulars	For the year ended March 31,				
	2018	2018	2018	2018	2018
<b>On Equity Shares</b>					
Fully Paid up Share Capital (₹ in lakhs)	395.19	98.80	98.80	86.75	86.75
Face Value (₹)	10	10	10	10	10
Paid up value per share (₹)	10	10	10	10	10
Rate of Dividend	-	-	-	-	-
Total Dividend	-	-	-	-	-
Corporate Dividend tax on above	-	-	-	-	-

**Annexure XXIX**  
**SCHEDULE OF CONTINGENT LIABILITIES, AS RESTATED**

(₹ in lakhs)

Particulars	As at March 31,				
	2018	2018	2018	2018	2018
On account of Pending Litigation	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**Annexure XXX**  
**STATEMENT OF TAX SHELTER**

(₹ in lakhs)

Particulars	For the year ended March 31,				
	2018	2017	2016	2015	2014
<b>Tax Rates</b>					
Normal Corporate tax rates (%)	33.06%	33.06%	33.06%	32.45%	30.90%
Minimum alternate tax rates (%)	20.39%	20.39%	20.39%	20.01%	19.06%
<b>Profit before tax as per Restated P/L (A)</b>	<b>393.78</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
<b>Incomes considered separately</b>					
Interest Income	1.75	-	-	-	-
Rent Income	1.50	-	-	-	-
<b>Total Incomes considered separately (B)</b>	<b>3.25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Restated Profit other than income considered separately (C)=(A-B)</b>	<b>390.53</b>	<b>143.47</b>	<b>144.12</b>	<b>123.91</b>	<b>94.68</b>
<b>Tax Adjustment</b>					
<b>Permanent Differences</b>					
Gratuity Provision	10.33	0.22	0.20	4.05	2.08
Interest on TDS	0.19	-	0.01	-	-
Income Tax Paid	0.60	0.01	0.51	-	-
Donation	0.54	-	-	-	-



<b>Total Permanent Differences (D)</b>	<b>11.66</b>	<b>0.23</b>	<b>0.72</b>	<b>4.05</b>	<b>2.08</b>
<b>Timing Differences</b>					
Depreciation as per Income Tax	(31.80)	(19.95)	(14.84)	(8.19)	(7.30)
Depreciation as per Books	33.83	29.64	21.95	10.81	9.93
Bonus	-	-	-	-	-
<b>Total Timing Differences (E)</b>	<b>2.03</b>	<b>9.69</b>	<b>7.12</b>	<b>2.62</b>	<b>2.63</b>
<b>Income From Business or Profession (F)=(C+D+E)</b>	<b>404.23</b>	<b>153.39</b>	<b>151.96</b>	<b>130.58</b>	<b>99.39</b>
<b>Income From House Property</b>					
Rent Income	1.50	-	-	-	-
Standard Deduction	(0.45)	-	-	-	-
<b>Taxable income from house property (G)</b>	<b>1.05</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Income From House Property</b>					
Interest Income	1.75	-	-	-	-
<b>Taxable income from Other Source (H)</b>	<b>1.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Taxable income (F+G+H)</b>	<b>407.03</b>	<b>153.39</b>	<b>151.96</b>	<b>130.58</b>	<b>99.39</b>
<b>Net Taxable Income</b>	<b>407.03</b>	<b>153.39</b>	<b>151.96</b>	<b>130.58</b>	<b>99.39</b>
<b>Tax on Total Income</b>	<b>134.58</b>	<b>50.71</b>	<b>50.24</b>	<b>42.37</b>	<b>30.71</b>
<b>MAT on Book Profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tax paid as per normal or MAT	Normal	Normal	Normal	Normal	Normal
Total Tax as per Return	134.58	50.71	50.24	42.37	30.71

**Note:**

1. The aforesaid Statement of tax Shelters has been prepared as per the 'Restated Profit and Loss Account.

**CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS**

There has been no change in the Accounting Policies in the last three (3) years.

**CHANGES IN ACCOUNTING PERIOD**

There has been no change in the accounting period of the Company.



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of financial condition and results of operations together with our financial statements included in this Draft Prospectus. The following discussion relates to our Company and is based on our restated financial statements. Our financial statements have been prepared in accordance with Indian GAAP, the accounting standards and other applicable provisions of the Companies Act.*

*Note: Statement in the Management Discussion and Analysis Report describing our objectives, outlook, estimates, expectations or prediction may be "Forward looking statement" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to our operations include, among others, economic conditions affecting demand/supply and price conditions in domestic and overseas market in which we operate, changes in Government Regulations, Tax Laws and other Statutes and incidental factors.*

Our Company, Sky Gold Limited, is engaged in the business of designing, manufacturing and marketing of Gold jewellery since its incorporation. We mainly deal in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We have the ability to create localised product design mixes to suit various regional tastes. We cater to our customers' unique preferences, through our understanding of the local and regional market. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

Currently, we cater to a large number of wholesalers, showrooms and retailers who buy our products in bulk quantities. Due to our diversity of clients and the varied regions each of our clients cater to, we have developed an ability to design our jewellery products as per latest trends, fashion and demographic preference of the end customers. We offer a wide range of products from gold jewellery for special occasions such as weddings and festivals to daily wear jewellery for all ages, genders and across various price points. We cater to a variety of customers across mid-market and value market segments and our products are designed by our in-house team of creative designers and also certain freelance designers, allowing us to manage a large and diverse portfolio of designs. Our product range includes necklaces, rings, pendants, bracelets, earrings and bangles and customized jewellery based on customer demand. Besides, various clients in Mumbai and nearby areas, we also cater to various jewellery brands. We have incorporated the latest technology for our manufacturing facility which reduces our turnover time from order receipt to delivery to just 72 hours. We have a dedicated and talented design team, focused on developing new products and designs that meet customers' requirements. We also customise jewellery for individual needs. Our in-house designers and freelance designers are skilled in 'Computer Aided Design' (CAD) who develop our designs for the purpose of manufacturing. Our designers focus on developing new products and designs that meet customers' needs as per their specifications. Our designers are up-to-date with the latest trends and fashion in the market and constantly provide designs for new ornaments regularly.

We have implemented quality control practices across the value chain to ensure that we sell gold jewellery upto 22 karats in line with the quality and purity metrics as prescribed by our customers. Various quality control practices are followed during manufacturing of our jewellery. Our QC / QA team comprises of 4 dedicated personnel who are responsible for the every minute detail of the product, including its design, polish, size and purity. We operate from a 2,740 sq. ft. sole manufacturing facility which is located in the heart of Mumbai city in Mulund (West) where we make casting based jewellery using rubber dye, wax moulds and machines. We have our central sales offices at Mumbai which looks after the overall marketing of our products. Besides, we have also set-up sales offices in Kerala and Telangana to offer better concentration and service in Southern regions of India. We have also recently begun export operations which are handled by our Mumbai sales office.

### COMPETITION

Gems and Jewellery industry being a global industry, we face competition from various domestic and international manufacturers and traders. Competition emerges from small as well as big players in the gems and jewellery industry and also from both the organized and unorganized sectors in this business. The organized players in the industry compete with each other by providing high quality, consistent and time bound products and value added services. We have a number of competitors offering products similar to us. We believe the principal elements of competition in our line of business are design, purity, technology, pricing, innovation, consistent and quality products and strong relations with our customers.



We face significant competition from large manufacturers and traders, especially in the southern part of India. Further, as we have recently begun export activities, we also face competition from international manufacturers and traders. We compete with them by providing high quality products with lower rejection ratio and better delivery timeline. However, we believe that there are significant barriers to entry in the business of manufacturing jewellery in Maharashtra. Among the most important of these barriers is the need for significant working capital to purchase gold, the long-term relationships required to have access to adequate supplies, the limited number of persons with the skills necessary to manufacture high quality jewellery. We believe that we are well-positioned to compete with both organised and unorganised jewellery companies given our localisation strategy where we tap into local trends and preferences.

### **Significant Developments after March 31, 2018 that may affect our Future Results of Operations**

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the Draft Prospectus which materially or adversely affect or is likely to affect the profitability of our Company, or the value of our assets, or our ability to pay liabilities within next twelve months.

### **Factors affecting our Result of Operation**

#### ***Revenue Generation***

We earn our revenue from manufacturing and dealing in 22 Karat gold jewellery, offering a wide variety of designs to suit preferences of the end customer. We provide an extensive range of designs and also use studded American diamonds and / or coloured stones in many of our jewellery products.

Since we continuously endeavor to provide quality products to our customers, our revenues have been impacted by such quality products. We have a marketing team allocated for the same, each handled by well trained personnel. We aim at increasing in operational output through continuous process improvement, Quality Assurance (QA) and QA activities, customer service, consistent quality and technology development.

#### ***Our Financial Expenses***

We have working capital facilities from our bankers. Our profitability is significantly impacted by our financial costs. For the fiscals 2018, 2017 and 2016 our financial expenses were ₹ 342.10 lakhs, ₹ 285.03 lakhs and ₹ 297.69 lakhs respectively. Our financial growth depends on how well we manage and service our debts.

#### ***Our ability to successfully implement its strategy and its growth and expansion plans***

Our revenue and our business operations have grown in recent years. Although we plan to continue to expand our scale of operations, we may not be able to sustain these rates of growth in future periods due to a number of factors, including, among others, our execution capability, our ability to maintain customer satisfaction, macroeconomic factors beyond our control such as decline in global economic conditions, competition within India's gems and jewellery industry from players in the organized and unorganized segments, the greater difficulty of growing at sustained rates from a larger revenue base, our inability to control our expenses and the availability of resources for our growth. There can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business operations. Our development and expansion strategies will require substantial managerial efforts and skills and the incurrence of additional expenditures and may subject us to new or increased risks. We may not be able to efficiently or effectively implement our growth strategies or manage the growth of our operations, and any failure to do so may limit future growth and have an adverse effect on our business.

#### ***Market Conditions and Demand for our Products***

Our results of operations depend on the continued existence, success and growth of, and demand for, our various product. Developments in the global and Indian economy influence the decisions of enterprises to determine their pricing strategy, market based factors and quality standards thereby affecting the demand for our products and services.

With the global economy showing varied patterns, Indian economy showing signs of recovery and the Indian Government's focus on financial inclusion, we expect the demand for our products to grow.





## RESULTS OF OUR STANDALONE OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31,							
	2018	% of Total Income	2017	% of Total Income	2016	% of Total Income	2015	% of Total Income
<b>INCOME</b>								
Revenue from Operations	54,886.27	99.99%	16,441.05	100.00%	18,331.31	100.00%	12,777.45	100.00%
Other Income	3.26	0.01%	-	-	-	-	-	-
<b>Total Income (A)</b>	<b>54,889.53</b>	<b>100%</b>	<b>16,441.05</b>	<b>100%</b>	<b>18,331.31</b>	<b>100%</b>	<b>12,777.45</b>	<b>100%</b>
<b>EXPENDITURE</b>								
Cost of Material Consumed	54,358.39	99.03%	17,469.67	106.26%	16,341.73	89.15%	13,101.57	102.54%
Changes in Inventory	(590.02)	-1.07%	(1,808.29)	-11.00%	1,265.83	7.70%	(905.15)	-5.51%
Purchase of Stock in Trade	-		97.69		23.33		0.00	
Employee benefit expenses	111.88	0.20%	103.99	0.63%	112.12	0.61%	96.32	0.75%
Finance costs	342.10	0.62%	285.03	1.73%	297.69	1.62%	294.54	2.31%
Depreciation	33.83	0.62%	29.64	0.18%	21.95	0.12%	10.81	0.08%
Other Expenses	239.56	0.06%	119.85	0.73%	124.53	0.68%	55.46	0.43%
<b>Total Expenses (B)</b>	<b>54,495.75</b>	<b>99.28%</b>	<b>16,297.58</b>	<b>99.13%</b>	<b>18,187.19</b>	<b>99.21%</b>	<b>12,653.54</b>	<b>99.03%</b>
<b>Profit before extraordinary items and tax (C)</b>	<b>393.78</b>	<b>2.40%</b>	<b>143.47</b>	<b>0.87%</b>	<b>144.12</b>	<b>0.88%</b>	<b>123.91</b>	<b>0.75%</b>
<b>Extraordinary items :</b>								
<b>Profit before tax (D)</b>	<b>393.78</b>	<b>0.72%</b>	<b>143.47</b>	<b>0.87%</b>	<b>144.12</b>	<b>0.79%</b>	<b>123.91</b>	<b>0.97%</b>
<i>Tax expense :</i>								
(i) Current tax	134.58	0.25%	52.82	0.32%	52.52	0.29%	43.88	0.34%
(ii) Deferred tax	(3.44)	-0.02%	(3.28)	-0.02%	(2.42)	-0.01%	-2.20	-0.01%
<b>Total Tax Expense (E)</b>	<b>131.14</b>	<b>0.24%</b>	<b>49.54</b>	<b>0.30%</b>	<b>50.10</b>	<b>0.27%</b>	<b>41.67</b>	<b>0.33%</b>
<b>Profit for the year (D-E)</b>	<b>262.64</b>	<b>0.48%</b>	<b>93.93</b>	<b>0.57%</b>	<b>94.03</b>	<b>0.51%</b>	<b>82.24</b>	<b>0.64%</b>



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## ***Main Components of our Profit and Loss Account***

### ***Income***

Our total income comprises of revenue from operations and other income.

#### ***Revenue from Operations***

Our revenue from operation as a percentage of total income were 99.99%, 100.00% and 100.00% respectively, for the fiscals 2018, 2017 and 2016. Our revenue from operations consists of revenue from sale of jewellery and revenue from labour charges charged to our customers.

#### ***Other Income***

Our other income comprises of interest on fixed deposits, rent income and other miscellaneous incomes. Other income, as a percentage of total income was 0.01% for the fiscal 2018. Our Company did not have any income from other sources in the fiscals 2017 and 2016.

### ***Expenditure***

Our total expenditure primarily consists of cost of material consumed, changes in inventories, purchase of stock in trade, employee benefit expenses, finance costs, depreciation & amortization expenses and other expenses.

#### ***Cost of Material Consumed***

Cost of Material Consumed is primarily in relation to purchases of raw materials consisting of gold bullion, silver, alloys and consumables for manufacturing of Gold Jewellery.

#### ***Employee Benefit Expenses***

Expenses in relation to employees' remuneration and benefits include gratuity, salaries and bonus, directors' remuneration, wages, staff welfare expenses etc.

#### ***Finance costs***

Finance cost primarily consists of interest payable on loans availed by our company from banks, bank charges, Interest on Cash Credit Facilities etc.

#### ***Depreciation Expenses***

Depreciation expenses consist of depreciation on the tangible assets of our Company which primarily includes plant & machinery, computer, furniture and fixtures, office building, vehicles etc.

#### ***Other Expenses***

Other expenses primarily include electricity expense, exhibition expenses, rent expenses, travelling expenses, repairs and maintenance etc.

#### ***Provision for Tax***

The provision for current taxation is computed in accordance with relevant tax regulation. Deferred tax is recognized on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized in future.



## **Fiscal 2018 compared with fiscal 2017**

### *Income*

In fiscal 2018, our revenue from operations increased by ₹ 38,445.22 lakhs or 233.84%, from ₹ 16,441.05 lakhs in fiscal 2017 to ₹ 54,886.27 lakhs in fiscal 2018. The increase in the year 2018 was due to increase in sale of products and an increase in income from labour charges. Our Company has aggressively marketed our products by participating in exhibitions and efforts of our promoters, which has helped our Company to grow our revenue manifold.

Other income increased by ₹ 3.26 lakhs, from Nil in fiscal 2017 to ₹ 3.26 lakhs in fiscal 2018. The major factor for such decrease was due to rent received on property, interest on fixed deposit and other miscellaneous income.

### *Cost of material consumed*

Cost of material consumed increased by ₹ 36,888.73 lakhs or 211.16%, from ₹ 17,469.67 lakhs in fiscal 2017 to ₹ 54,358.39 lakhs in fiscal 2018. This increase was in line with the growth of our revenues.

### *Employee Benefit Expenses*

Our personnel cost increased by ₹ 7.89 lakhs or 7.59%, from ₹ 103.99 lakhs in fiscal 2017 to ₹ 111.88 lakhs in fiscal 2018. This increase was mainly due to increase in gratuity expenses, staff welfare expense, salaries and bonus as compared to last fiscal.

### *Finance Cost*

Finance cost during the year increased by ₹ 57.06 lakhs or 20.02%, from ₹ 285.03 lakhs in fiscal 2017 to ₹ 342.10 lakhs in fiscal 2018 due to increase in interest on cash credit facility, interest on loans by directors and loan processing fees.

### *Depreciation*

Depreciation expenses increased by ₹ 4.19 lakhs or 14.14% from ₹ 29.64 lakhs in fiscal 2017 to ₹ 33.83 lakhs in fiscal 2018. This increase was on account of additions of assets in FY 2017-18 and also due to WDV effect on the existing assets.

### *Other Expenses*

Other expenses increased by ₹ 119.72 lakhs or 99.89% from ₹ 119.85 lakhs in fiscal 2017 to ₹ 239.56 lakhs in fiscal 2018. The increase was in line with the increasing scale of operations and majorly attributable to increase in certain expense like commission paid, designing expenses, electricity charges, exhibition expenses, professional fees, premium paid for key-man insurance, rent paid and repairs and maintenance, etc.

### *Profit before Tax*

The increase in the revenue from operations has led to an increase in our profit before tax by ₹ 250.31 lakhs or 174.47% from ₹ 143.47 lakhs in fiscal 2017 to ₹ 393.78 lakhs in fiscal 2018.

### *Profit after Tax*

After accounting for taxes at applicable rates, our profit after tax increased by ₹ 168.71 lakhs or 179.62%, from ₹ 93.93 lakhs in fiscal 2017 to ₹ 262.64 lakhs in fiscal 2018.

## **Fiscal 2017 compared with fiscal 2016**

### *Income*

In fiscal 2017, our total income decreased by ₹ 1,890.26 lakhs or 10.31%, from ₹ 18,331.31 lakhs in fiscal 2016 to ₹ 16,441.05 lakhs in fiscal 2017. This decrease in the year 2017 was due to fall in the gold prices and general economic conditions as compared to last year.



#### *Cost of material consumed*

Cost of material consumed increased by ₹ 1,127.93 lakhs or 6.90%, from ₹ 16,341.73 lakhs in fiscal 2016 to ₹ 17,469.67 lakhs in fiscal 2017 due to increase in cost of purchase of raw material and increase in labour charges.

#### *Employee Benefit Expenses*

Our staff cost decreased by ₹ 8.13 lakhs or 7.25%, from ₹ 112.12 lakhs in fiscal 2016 to ₹ 103.99 lakhs in fiscal 2017. This increase was mainly due to decrease in staff, staff welfare expense, salaries and wages as compared to last fiscal.

#### *Finance Cost*

Finance cost during the year decreased by ₹ 12.65 lakhs or 4.25%, from ₹ 297.69 lakhs in fiscal 2016 to ₹ 285.03 lakhs in fiscal 2017 due to decrease in interest paid on cash credit availed and minor increases in loan processing charges and interest on loan received from directors.

#### *Depreciation*

Depreciation expenses increased by ₹ 7.69 lakhs, or 35.03% from ₹ 21.64 lakhs in fiscal 2016 to ₹ 29.64 lakhs in fiscal 2017. This increase was on account of additions of assets in FY 2016-17 and also due to WDV effect on the existing assets.

#### *Other Expenses*

Other expenses decreased by ₹ 4.68 lakhs or 3.76% from ₹ 124.53 lakhs in fiscal 2016 to ₹ 119.85 lakhs in fiscal 2017. The decrease was majorly due to changes in certain expense like electricity charges, exhibition expenses, general expenses, insurance expenses, rent paid and repairs and maintenance etc.

#### *Profit before Tax*

The decrease in the revenue from operations has led to a decrease in our profit before tax by ₹ 0.65 lakhs or 0.45% from ₹ 144.12 lakhs in fiscal 2016 to ₹ 143.47 lakhs in fiscal 2017.

#### *Profit after Tax*

After accounting for taxes at applicable rates, our Profit after Tax decreased by ₹ 0.10 lakhs or 0.10%, from ₹ 94.03 lakhs in fiscal 2016 to ₹ 93.93 lakhs in fiscal 2017.

### **Fiscal 2016 compared with fiscal 2015**

#### *Income*

In fiscal 2016, our total income increased by ₹ 5,553.86 lakhs or 43.47%, from ₹ 12,777.45 lakhs in fiscal 2015 to ₹ 18,331.31 lakhs in fiscal 2016. The increase in the year 2016 was due to increase in the sale of jewellery and increase in labour charges.

#### *Cost of material consumed*

Cost of material consumed increased by ₹ 3,240.16 lakhs or 24.73%, from ₹ 13,101.57 lakhs in fiscal 2015 to ₹ 16,341.73 lakhs in fiscal 2016. This was in line with the increase in revenue from operations.

#### *Employee Benefit Expenses*

Our employee benefit expenses increased by ₹ 15.81 lakhs or 16.41%, from ₹ 96.32 lakhs in fiscal 2015 to ₹ 112.12 lakhs in fiscal 2016. This increase was mainly due to increase in Salaries and bonus, staff welfare and others.



### *Finance Cost*

Finance cost during the year increased by ₹ 3.15 lakhs or 1.07%, from ₹ 294.54 lakhs in fiscal 2015 to ₹ 297.69 lakhs in fiscal 2016. The increase was due to decrease in bank interest; changes in interest paid to directors for loan availed from them, increase in loan processing charges.

### *Depreciation Expenses*

Depreciation expenses increased by ₹ 11.15 lakhs or 103.14% from ₹ 10.81 lakhs in fiscal 2015 to ₹ 21.95 lakhs in fiscal 2016. This increase was due to purchase of new assets and modernization of machinery and WDV effect on the existing assets.

### *Other Expenses*

Other expenses increased by ₹ 69.08 lakhs or 124.56% from ₹ 55.46 lakhs in fiscal 2015 to ₹ 124.53 lakhs in fiscal 2016. The increase was due to increase in electricity charges, exhibition expenses, factory expenses, rent paid, repairs and maintenance, etc.

### *Profit before Tax*

The increase in the revenue from operations has led to an increase in our Profit before tax by ₹ 20.22 lakhs or 16.31% from ₹ 123.91 lakhs in fiscal 2015 to ₹ 144.12 lakhs in fiscal 2016.

### *Profit after Tax*

After accounting for taxes at applicable rates, our Profit after Tax decreased by ₹ 11.79 lakhs or 14.34%, from ₹ 82.24 lakhs in fiscal 2015 to ₹ 93.93 lakhs in fiscal 2016.

### **Cash Flows**

(₹ in lakhs)

Particulars	For the Year ended March 31,		
	2018	2017	2016
Net Cash from Operating Activities	(1,651.31)	324.39	(126.34)
Net Cash from Investing Activities	(153.59)	(206.84)	(69.92)
Net Cash used in Financing Activities	1,832.67	(103.82)	178.61
Net Increase / (Decrease) in Cash and Cash equivalents	27.77	13.74	(17.64)

### ***Cash Flows from Operating Activities***

Net cash from operating activities in fiscal 2018 was negative ₹ 1,651.31 lakhs as compared to the PBT of ₹ 393.78 lakhs for the same period. This difference is primarily on account of depreciation, interest and financial charges, inventories, trade receivables, short term loans & advances, short term provisions and other current assets.

Net cash from operating activities in fiscal 2017 was ₹ 324.39 lakhs as compared to the PBT of ₹ 143.47 lakhs for the same period. This difference is primarily on account of depreciation, interest and financial charges, inventories, trade receivables, Short term loans & advances, short term provisions and other current assets.

Net cash from operating activities in fiscal 2016 was negative ₹ 126.34 lakhs as compared to the PBT of ₹ 144.12 lakhs for the same period. This difference is primarily on account of depreciation, Interest and Financial charges, Inventories, Trade payables, Trade receivables, Short term loans & advances, short term provisions and other current liabilities.

### ***Cash Flows from Investment Activities***

In fiscal 2018, the net cash invested in Investing Activities was negative ₹ 153.59 lakhs. This was majorly on account of purchase of fixed assets.

In fiscal 2017, the net cash invested in Investing Activities was negative ₹ 206.84 lakhs. This was majorly on account of purchase of fixed assets and non-current investments.



In fiscal 2016, the net cash invested in Investing Activities was ₹ 178.64 lakhs. This was on account of purchase of fixed assets.

### ***Cash Flows from Financing Activities***

Net cash from financing activities in fiscal 2018 was ₹ 1,832.67 lakhs. This was on account of decrease in long term borrowings, increase in short term borrowings and increase in interest charges and earmarked balance against gold metal loan.

Net cash from financing activities in fiscal 2017 was negative ₹ 103.82 lakhs. This was on account of increase in long term borrowings, decrease in short term borrowings and decrease in interest and finance charges.

Net cash from financing activities in fiscal 2016 was ₹ 178.61 lakhs. This was on account of issue of share capital, increase in short term borrowings.

## **OTHER MATTERS**

### **1. Unusual or infrequent events or transactions**

Except as described in this Draft Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **2. Significant economic changes that materially affected or are likely to affect income from continuing Operations**

Other than as described in the Section titled “*Financial Information*” and chapter titled “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, beginning on page nos. 131 and 152 respectively of this Draft Prospectus respectively, to our knowledge there are no significant economic changes that materially affected or are likely to affect income from continuing Operations.

### **3. Known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations**

Other than as described in the chapter titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Conditions and Result of Operations*”, beginning on page nos. 10 and 152 respectively of this Draft Prospectus respectively to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our company from continuing operations.

### **4. Future relationship between Costs and Income**

Other than as described in the chapter titled “*Risk Factors*” beginning on page no. 10 of this Draft Prospectus, to our knowledge there are no factors, which will affect the future relationship between costs and income or which are expected to have a material adverse impact on our operations and finances.

### **5. The extent to which material increases in revenue or income from operations are due to increased volume, introduction of new products or services or increased prices**

Increases in revenues are by and large linked to increases in introduction of new products and volume of business activity carried out by the Company.

### **6. Total turnover of each major industry segment in which our Company operates.**

Our Company is engaged in the business of gold jewellery. Relevant industry data, as available, has been included in the chapter titled “*Industry Overview*” beginning on page no. 70 of this Draft Prospectus.

### **7. Status of any publicly announced new products or business segments**

Please refer to the chapter titled “*Our Business*” beginning on page no. 81 of this Draft Prospectus.



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**8. The extent to which the business is seasonal.**

Our business is not seasonal in nature.

**9. Any significant dependence on a single or few suppliers or customers**

The revenues from our top 5 and top 10 customers constituted approximately 42.94% and 62.70% respectively for fiscal 2018. For further details, please refer chapter “*Our Business*” beginning on page no. 81 of this Draft Prospectus.

**10. Competitive Conditions**

Our Company faces competition from players in the global market as well as domestic market and from organized and unorganized players. We expect competition to intensify due to possible changes in government policies and further compliance standards for the products manufactured by us, existing competitors globally and locally further expanding their operations and further many small and medium-sized companies and entities engaged in manufacturing of chemicals. This we believe may impact our financial condition and operations.





## FINANCIAL INDEBTEDNESS

Set forth below, is a brief summary of our Company's borrowings as on March 31, 2018 together with a brief description of certain significant terms / material covenants of the relevant financing arrangements.

Nature of Borrowing	Amount (₹ in lakhs)
Secured Borrowings	3,702.57
Unsecured Borrowings	1,480.01
<b>Total</b>	<b>5,182.58</b>

## DETAILS OF SECURED LOANS

(₹ in lakhs)

Name of Lenders	Type of Loan	Original Date of Sanction	Amount Sanctioned	Amount outstanding as at March 31, 2018	Interest/ Commission (in % p.a.)	Security	Tenor/ Repayment Schedule
ICICI Bank	Cash Credit	March 29, 2017	2,900.00	2,729.70	1.15% p.a. over 6 month MCLR	Note 1	Tenor of 12 months
	Gold Metal Loan (Sublimit of above Cash Credit)		2,200.00		3.75% p.a.		12 months
YES Bank Limited	Cash Credit	March 21, 2018 <sup>(1)</sup>	2,000.00	972.87	0.45% p.a. over 6 month MCLR	Note 2	Tenor of 12 months
	Working Capital Demand Loan (Sublimit of above Cash Credit)		2,000.00		To be decided at time of disbursement		Tenor of 3 months from date of Disbursement.
	Gold Metal Loan (Sublimit of above Cash Credit)		1,500.00				12 months

<sup>(1)</sup> This sanction was amended vide amendment dated May 22, 2018. The special terms and conditions were amended whereby Mr. Mangesh Chauhan was made the sole guarantor.

### Note 1:

(a) Security:-

- Exclusive charge on Company's entire stocks of raw materials, semi-finished and finished goods, consumable stores and spares and such other movables including book-debts, bills wither documentary or clean, outstanding moneys, receivables, both present and future, in the form and manner satisfactory to the Bank.
- Exclusive charge on the following immovable properties:
  - Unit No. 101, 102 and 103, 1<sup>st</sup> floor, Raja Industrial Estate, Raja Industrial Premises Co. Operative Society Limited, Village Nahur, P.K. Road, Mulund (West), Mumbai 400080.
  - Unit No. 15, 1<sup>st</sup> floor, Raja Industrial Estate, Raja Industrial Premises Co. Operative Society Limited, Village Nahur, P.K. Road, Mulund (West), Mumbai 400080.



- iii. Flat No. 2302 & 2301, 23<sup>rd</sup> Floor, A wing of Building E-6, Sarvodaya Heights, Sarvodaya Parshwanath Nagar, Nahur, Road, Near Mehul Cinema, Mulund (West), Mumbai 400080.
- iv. Plot No. 75, 233, 24, 24B and 25 located at Tagore Nagar and Shastri Nagar, Pali, Rajasthan – 306401.
- v. Office no. 12A, 13 and 14 located at 1<sup>st</sup> Floor, Kanak Chambers, Kalbadevi Road, Mumbai – 400002.

(b) Guarantees

1. Personal Guarantee of Mr. Mangesh Chauhan, Mr. Mahendra Chauhan, Darshan Chauhan, Mr. Ramesh Chauhan (to the extent of property owner) and Mr. Pawan Chauhan (to the extent of property owner)

**Note 2:**

(a) Security:-

3. First Pari-passu charge on all current assets of the company (both present and the future)
4. Exclusive charge on equity shares of HDFC Ltd. / HDFC Bank Ltd. / (or category A shares as approved by Yes Bank Limited) with a maximum cover of 0.50x. The shares will be monitored Mark to Market and any shortfall in shares value have to be topped up immediately.

(b) Guarantees

2. Personal Guarantee of Mr. Mangesh Chauhan.

The aforesaid amounts sanctioned do not include sub-limit for amounts sanctioned towards Bank Guarantee. The details of the Non-Fund Based sanctions and their utilization as per the above mentioned loan documentation is mentioned below:

(₹ in Lakhs)

Sr. No.	Name of Lender	Type	Amount Sanctioned	Amount Utilized (₹ in Lakhs)	Commission	Tenor
1	YES Bank Limited	Bank Guarantee	1500.00	-	1.50% p.a.	Upto 12 months

**RESTRICTIVE / NEGATIVE COVENANTS**

The above loan agreements includes various restrictive covenants in relation to certain actions to be undertaken by our Company and for which prior written approval of the Bank(s) is required. The major restrictive covenants (which require prior approval) are mentioned below:

1. Our Company shall not pay any consideration by way of commission, brokerage, fees or in any other form to the guarantors for giving any personal guarantee.
2. Our Company shall not avail any loan from any Bank or financial institution without the prior written consent.
3. Our Company shall not create or allow to exist any encumbrance or security over assets specifically charged with the bank, without any prior written consent.
4. Not to sell / transfer any property or collateral security during the subsistence of the loan.
5. Our Company shall not amend any provision of major documents in such a manner which will adversely affect the rights under the facility.
6. The absence of any material adverse change in the condition of the Company.
7. Our Company shall not divert any funds to any purpose as the end use of the funds is restricted. Further, diversion of funds for any other purpose will be considered as default.



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## UNSECURED LOANS

(₹ in Lakhs)

Particulars	Amount outstanding as on March 31, 2018
Loans from Directors <sup>(1)</sup>	1,480.01

<sup>(1)</sup> The above borrowings were repayable on demand and do not carry any fixed interest rates.



## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated below there is no (i) pending criminal litigation involving our Company, Directors, Promoters or Group Companies; (ii) actions taken by statutory or regulatory authorities involving our Company, Directors, Promoters or Group Companies; (iii) outstanding claims involving our Company, Directors, Promoters or Group Companies for any direct and indirect tax liabilities; (iv) outstanding proceedings initiated against our Company for economic offences; (v) defaults or non-payment of statutory dues by our Company; (vi) material fraud against our Company in the last five years immediately preceding the year of this Draft Prospectus; (vii) inquiry, inspection or investigation initiated or conducted under the Companies Act 2013 or any previous companies law against our Company during the last five years immediately preceding the year of this Draft Prospectus and if there were prosecutions filed (whether pending or not); (viii) fines imposed or compounding of offences for our Company in the last five years immediately preceding the year of this Draft Prospectus; (ix) litigation or legal action against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Prospectus; (x) pending litigations involving our Company, Directors, Promoters, Group Companies or any other person, as determined to be material by the Company's Board of Directors in accordance with the SEBI (ICDR) Regulations; or (xi) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI (ICDR) Regulations and dues to small scale undertakings and other creditors.*

*For the purpose of material litigation in (x) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigations to be disclosed by our Company in this Draft Prospectus:*

- (a) All criminal proceedings, statutory or regulatory actions and taxation matters, involving our Company, Promoters, Directors, or Group Companies, as the case may be shall be deemed to be material;*
- (b) All pending litigation involving our Company, Promoters, Directors, or Group Companies as the case may be, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' (a) the monetary amount of claim by or against the entity or person in any such pending matter(s) is in excess of 20% of the net profits after tax of the Company for the most recent audited fiscal period; or (b) where the monetary liability is not quantifiable, each such case involving our Company, Promoters, Directors, or Group Companies, whose outcome would have a bearing on the business operations, prospects or reputation of our Company;*
- (c) Notices received by our Company, Promoters, Directors, or Group Companies, as the case may be, from third parties (excluding statutory/regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that the Company / Directors / Promoters / Group Companies, as the case may be, are impleaded as parties in proceedings before any judicial forum.*

*Our Company, our Promoters and/or our Directors, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.*

*Unless otherwise stated, all proceedings are pending as of the date of this Draft Prospectus. All information provided below is as of the date of this Draft Prospectus.*

#### LITIGATION INVOLVING OUR COMPANY

Nil

#### LITIGATION INVOLVING THE DIRECTORS

Nil



## LITIGATION INVOLVING OUR PROMOTERS

Nil

## LITIGATION INVOLVING OUR GROUP ENTITIES

Nil

## TAX PROCEEDINGS

A summary of tax proceedings involving our Company, our Promoters, our Directors, or our Group Companies are stated below:

Nature of case	Number of cases	Amount involved (in ₹ lakhs)
<b>Company</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Promoters</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Directors</b>		
Direct Tax		
<i>Darshan Chauhan</i>	1	0.17
Indirect Tax	Nil	Nil
<b>Group Companies</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

## LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTERS AND OUR DIRECTORS

Nil

## MATERIAL FRAUDS AGAINST OUR COMPANY

There have been no material frauds committed against our Company in the five years preceding the year of this Draft Prospectus.

## PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

There are no proceedings initiated against our Company for any economic offences.

## NON PAYMENT OF STATUTORY DUES

As on the date of the Draft Prospectus there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) over dues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

## PAST CASES WHERE PENALTIES WERE IMPOSED

There are no past cases where penalties were imposed on our Company by concerned authorities/courts.

## OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHO'S OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY

As on the date of the Draft Prospectus, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.



## PAST INQUIRIES, INSPECTIONS OR INVESTIGATIONS

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or any previous company law in the last five years immediately preceding the year of the Draft Prospectus in the case of Company, Promoters, Directors. Other than as described above, there have been no prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last five years immediately preceding the year of the Draft Prospectus.

Further, there is no legal action pending or taken by any Ministry or Department of the Government or a statutory authority against the promoters during the last five years immediately preceding the year of the issue of the Draft Prospectus and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action.

## OUTSTANDING DUES TO CREDITORS

As per the Materiality Policy, our Board has approved that each creditor, to whom our Company individually owes a net aggregate amount that exceeds 20.00% of the trade payables as per the Restated Financial Statements for the most recent financial year, shall be considered as a material creditor of our Company. Our Board has also approved that dues owed by our Company to small scale undertakings as per the Restated Financial Statements for the most recent financial year shall be disclosed in a consolidated manner.

As of year ended March 31, 2018, our Company, in its ordinary course of business, has an aggregate amount of ₹ 2.74 lakhs, which is due towards sundry and other creditors. As per the above policy, consolidated information of outstanding dues, as at March 31, 2018, owed to small scale undertakings, material dues to creditors and other dues to creditors separately, giving details of number of cases and aggregate amount for such dues is as under:

(₹ in lakhs)

Particulars	Number of cases	Amount Outstanding
Dues to small scale undertakings	Nil	Nil
Material dues to creditors	Nil	Nil
Other dues to creditors	5	2.74

Further, our Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, in relation to amount unpaid as at the year end together with interest payable as required under the said Act have not been furnished. Our Company does not owe any small scale industries or any MSMEs any amounts exceeding ₹ 1 lakh which is outstanding for more than 30 days. There are no disputes with such entities in relation to payments to be made to them.

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at [www.skygold.in](http://www.skygold.in). It is clarified that such details available on our website do not form a part of this Draft Prospectus. Anyone placing reliance on any other source of information, including our Company's website, [www.skygold.in](http://www.skygold.in), would be doing so at their own risk.

## MATERIAL DEVELOPMENTS

Except as stated in "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on page no. 152 of this Draft Prospectus, there have not arisen, since the date of the last financial statements disclosed in the Draft Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months.



## GOVERNMENT AND OTHER APPROVALS

*In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively “Approvals”) from the Government of India and various statutory / regulatory / governmental authorities listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further Approvals from any governmental or statutory or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these Approvals are all valid as of the date of the Draft Prospectus. It must be distinctly understood that in granting these Approvals, the Government of India and other authority 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.*

*The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities. For further details in connection with the regulatory and legal framework within which we operate, please refer “Key Industrials Regulations and Policies in India” on page no. 97 of this Draft Prospectus.*

### A. Corporate / General Authorisations

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Valid up to
1.	Certificate of Incorporation in the name of ‘Sky Gold Private Limited’	Registrar of Companies, Maharashtra, Mumbai	U36911MH2008PTC181989	May 7, 2008	Valid until cancelled
2.	Certificate of Incorporation Consequent upon conversion to Public Limited Company	Registrar of Companies, Maharashtra, Mumbai	U36911MH2008PLC181989	June 26, 2018	Valid until cancelled

### B. Issue Related Authorisations

1. Our Board of Directors have, pursuant to a resolution passed at its meeting held on June 27, 2018 authorised the Issue subject to the approval by the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary.
2. The shareholders of our Company have authorised the Issue, pursuant to a special resolution under Section 62(1)(c) of the Companies Act, 2013, passed at their EGM held on July 9, 2018.
3. Our Company has obtained in-principle approval dated [●] from the BSE.
4. Our Company's International Securities Identification Number (“ISIN”) is [●].
5. Our Company has entered into a Tripartite Agreement dated [●] with NSDL and the Registrar to the Issue.
6. Our Company has entered into a Tripartite Agreement dated [●] with CDSL and the Registrar to the Issue.

### C. Business Related Approvals

Sr. No.	Authorization granted	Issuing Authority	Registration No. / Reference No. / License No.	Applicable Act / Regulation	Date of Issue / Renewal	Validity
1.	Permanent Account Number (PAN)	Income Tax Department, GoI	AALCS9127N	Income Tax Act, 1961	May 7, 2008	Valid until cancelled
2.	Tax Deduction	Income Tax	MUMS66816B	Income Tax	-	Valid until





Sr. No.	Authorization granted	Issuing Authority	Registration No. / Reference No. / License No.	Applicable Act / Regulation	Date of Issue / Renewal	Validity
	Account Number <sup>(1)</sup> (TAN)	Department, GoI		Act, 1961		cancelled
3.	Form GST REG-06 Registration Certificate <sup>(1)</sup> (Maharashtra)	Government of India	27AALCS9127N1ZK	Goods and Service Tax Act, 2017	May 5, 2018	Valid until cancelled
4.	Certificate of Registration - Importer-Exporter Code <sup>(1)</sup>	Assistant Commissioner of Customs, Mumbai, Maharashtra	0309068851	Ministry of Finance Dept. of Revenue Central Board of Excise & Customs	October 17, 2017	Valid until cancelled
5.	Udyog Aadhaar	Ministry of Micro, Small and Medium Enterprise	MH18B0001279	Ministry of Micro, Small and Medium Enterprise	January 18, 2016	Valid until cancelled

<sup>(1)</sup> Our Company has made applications to respective authorities for updating each of the aforesaid certificates to reflect its current name.

- Our Company is registered as an establishment with Employee's Provident Fund Organization, India under the Establishment Code MH/THN/203414 as evidenced by the letter dated July 28, 2010 issued by Regional Provident Fund Commissioner, Maharashtra under Employee's Provident Fund and Miscellaneous Provisions Act, 1952.
- Our Company is registered as an Employer with the Employee State Insurance Corporation under the Employer Code Number 34000161060000999 under the Employee State Insurance Act, 1948 as evidence by the letter dated December 31, 2010 issued by the Sub Regional office, Employee State Insurance Corporation. Thane, Maharashtra.
- Our Manufacturing unit at Mulund, Mumbai, Maharashtra is registered as an establishment with Maharashtra Labour Welfare Board under Establishment Code MUM48685 under the Maharashtra Labour Welfare Fund Act, 1953.
- The registered office of our Company is registered as an establishment under the Maharashtra Shops & Establishments Act, 1948 under Registration No. 762083875/COMMERCIAL II as evidenced by the certificate of registration issued by the Shops & Establishment Inspector dated June 29, 2016. The said certificate of registration is valid until June 24, 2019.
- The godown of our Company situated at Mumbai, Maharashtra is registered as an establishment under the Maharashtra Shops & Establishments Act, 1948 under Registration No. 762331550/COMMERCIAL II as evidenced by the certificate of registration issued by the Shops & Establishment Inspector dated June 19, 2018. The said certificate of registration is valid until June 18, 2019.
- Our manufacturing unit at Mulund, Mumbai, Maharashtra is registered as factory under the Factories Act, 1948 under Factory Permit No. 785024564 issued by the Inspector of Factories, Maharashtra vide Renewal of Factory Permit dated April 1, 2017. The said certificate is valid until March 31, 2019.
- Our Company has received the Consent to Operate under Section 26 of the Water (Prevention & Control of Pollution) Act, 1974; under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorisation under Rule 5 of the Hazardous Wastes (Management, Handling & Transboundary Movement) Rules 2008 from Maharashtra Pollution Control Board vide Consent Order No. MPCB/16/08447 dated June 28,




2016 for 'Manufacture of Gold & Silver Smithy (Without use of acid)'. The said consent is valid until June 30, 2019.

- Our Company has received a Certificate from Municipal Corporation of Greater Mumbai vide License No. 871073714 dated August 18, 2017 under Section 394 of the Mumbai Municipal Corporation Act, 1888 for storing liquefied petroleum gases such as Butane – Keeping L.P.G. Gas Cylinder in respect of our manufacturing unit at Mulund, Mumbai, Maharashtra for 39.00 KG. The said certificate is valid until August 20, 2018.
- Our Company has renewed license bearing No. 871073714 for storages and trades of 'Liquefied Petroleum Gases such as Butane – Keeping L.P.G. Gas Cylinder' dated August 18, 2017 from the Senior Inspector (License), T Ward under Mumbai Municipal Corporation Act, 1888. The said license is valid until August 20, 2018.
- Our Company is registered as a 'Merchant Exporter' with the Gem & Jewellery Export Promotion Council, Mumbai, Maharashtra as evidenced by the Registration cum Membership Certificate bearing No. GJC/REGN/MER/HO-MUM(M)/G24706/2015-2020 dated May 26, 2015. The said certificate is valid until March 31, 2020.

#### **D. Intellectual property registrations**

Our Company has been granted the registration of following trademark as on the date of this Draft Prospectus:

Sr. No.	Trade Mark	Class	Description of Property	Trade Mark No.	Date of Application	Valid up to
1.		14 - precious metals and their alloys and goods in precious metals or coated there with, not included in other classes, jewellery, precious stones; horological and chronometric instruments	Trade Mark – Device	2379402	August 14, 2012	August 13, 2022

#### **E. Approvals applied for but not yet received / Renewals made in the usual course of business:**

1. Our Company has made an application for its registration under sub-section (1) of section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 to the Department of Sales Tax, Government of Maharashtra, India.
2. Our Company has made an application for obtaining a certificate of Enrolment/Revision of certificate of Enrolment under sub-section(2) or sub-section(2A) or sub-section(3) of section 5 of The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 to the Department of Sales Tax, Government of Maharashtra, India.
3. Our Company has made an application to the License Department, Municipal Corporation of Greater Mumbai on February 4, 2017 under Section 394 of the Mumbai Municipal Corporation Act, 1888 for storage / trades of wax model, rubber model and casting with respect of our manufacturing unit at Mulund, Mumbai, Maharashtra.

#### **F. Material licenses / approvals for which our Company is yet to apply / Statutory Approvals / Licenses required for the proposed expansion:**

1. Our Company needs to obtain license to use the BIS Standard Mark under the Bureau of Indian Standards Act, 2016.
2. Our Company needs to obtain license under the Legal Metrology Act, 2009.



## SECTION VIII – OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

Our Board of Directors have vide resolution dated June 27, 2018 authorized the Issue, subject to the approval by the shareholders of our Company under Section 62(1)(C) of the Companies Act, 2013.

The shareholders have authorized the Issue, by passing a Special Resolution at the Extra-Ordinary General Meeting held on July 09, 2018 with a shorter notice in accordance with the provisions of Section 62(1)(C) of the Companies Act, 2013.

The Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Issue Document for listing of equity shares on the SME platform of the BSE. BSE is the designated Stock Exchange.

### Prohibition by SEBI, the RBI or Governmental Authorities

We confirm that there is no prohibition on our Company, its Directors, Promoters and entities forming part of our Promoter Group from accessing the capital market or operating in the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither our Company, our Promoters, relatives of Promoters (as defined under Companies Act, 2013), our Directors, nor our Group Companies (if any), have been identified as wilful defaulters by the RBI or other authorities.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

### Association with Securities Market

We confirm that none of our Directors are associated with the Securities Market in any manner and no action has been initiated against these entities by SEBI at any time except as stated under the chapters titled “*Risk Factors*”, “*Our Promoters and Promoter Group*” and “*Outstanding Litigations and Material Developments*” beginning on page nos. 10, 124 and 164 respectively, of this Draft Prospectus.

### Eligibility for the Offer

Our Company is an “Unlisted Company” in terms of the SEBI (ICDR) Regulation; and this Offer is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations.

This Issue is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed ten crores rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”, in this case being the SME Platform of BSE).

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI (ICDR) Regulations, this offer has been hundred percent underwritten and that the Lead Manager to the Offer has underwritten more than 15% of the total Offer Size. For further details pertaining to the said underwriting please see “*General Information- Underwriting*” on page no. 48 of this Draft Prospectus.
- b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty (50), otherwise, the entire application money will be refunded / unblocked forthwith. If such money is not repaid / unblocked, then our Company and every officer in default shall be liable to repay / unblock such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.



- c) In accordance with Regulation 106(O) of the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of the Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI (ICDR) Regulations, we have entered into an agreement with the Lead Manager and the Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this Offer. For further details of the arrangement of Market Making, please see “General Information- Details of the Market Making Arrangements for this Offer” on page no. 48 of this Draft Prospectus.

We further confirm that we shall be complying with all other requirements as laid down for such Issue under Chapter XB of SEBI (ICDR) Regulations, as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

- e) The post-Issue paid up capital of our Company will not be more than ₹ 25 crores as on the date of filing of the Draft Prospectus. As on the date of this Draft Prospectus, our Company has a paid up capital of ₹ 395.19 lakhs (₹ 3.95 crores) and the Post Issue Capital will be of ₹ [●] lakhs (₹ [●] crores).;
- f) The Net worth (excluding revaluation reserves) of our Company is positive as per the latest audited financial results;
- g) Our Company has track record of distributable profits for at least three financial years and each financial year has been a period of at least 12 months.
- h) The Distributable Profit and Net worth of our Company as per the restated financial statements for the year ended as at March 31, 2018, 2017 and 2016 is as set forth below:

(₹ in lakhs)

Particulars	FY 2017-18	FY 2016-17	FY 2015-16
Distributable Profit	262.64	93.93	94.03
Net Worth	1,348.06	1,085.42	991.49

<sup>(1)</sup> Distributable profits have been computed in terms section 123 of the Companies Act, 2013.

<sup>(2)</sup> 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.

- i) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- j) There is no winding up petition against the company, which has been admitted by a Court of competent jurisdiction or a liquidator has not been appointed.
- k) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.
- l) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.
- m) We have a website: [www.skygold.in](http://www.skygold.in)
- n) We are not a Stock / Commodity Broking Company
- o) We are not a Finance Company.
- p) None of the Directors of our Company have been categorised as a Wilful Defaulter



## **Disclosure**

The Company, the Directors, the Selling Shareholders, our Promoters, Promoter Group and the members of our Group Companies have confirmed that they have not been identified as wilful defaulters by the RBI or any other Governmental Authority.

## **Disclaimer Clause of SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MERCHANT BANKER, ARYAMAN FINANCIAL SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 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 IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER ARE 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, ARYAMAN FINANCIAL SERVICES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●]**

**AS PER REGULATION 106(O) OF THE SEBI ICDR REGULATIONS, ONLY THE PROSPECTUS HAS TO BE FILED WITH SEBI ALONGWITH A DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS BY THE LEAD MANAGER. ACCORDINGLY, THIS SECTION WILL BE UPDATED AT THE TIME OF FILING THE PROSPECTUS WITH STOCK EXCHANGE AND ROC AND PROSPECTUS AND DUE DILIGENCE CERTIFICATE AS PER FORM A OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS WITH SEBI.**

**THE FILING OF THIS OFFER DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 (SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013) OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKERS ANY IRREGULARITIES OR LAPSES IN THE OFFER DOCUMENT.**

## **Note:**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of section 26, 28 and 30 of the Companies Act, 2013.

**THE PROMOTER(S) / DIRECTOR(S) OF SKY GOLD LIMITED CONFIRM THAT NO INFORMATION / MATERIAL LIKELY TO HAVE A BEARING ON THE DECISION OF INVESTORS IN RESPECT OF THE SHARES ISSUED IN TERMS OF THIS OFFER DOCUMENT HAS BEEN SUPPRESSED WITHHELD AND / OR INCORPORATED IN THE MANNER THAT WOULD AMOUNT TO MIS-STATEMENT / MISREPRESENTATION AND IN THE EVENT OF ITS TRANSPIRING AT ANY POINT IN TIME TILL ALLOTMENT / REFUND, AS THE CASE MAY BE, THAT ANY INFORMATION / MATERIAL HAS BEEN SUPPRESSED / WITHHELD AND / OR AMOUNTS TO A MIS-STATEMENT/ MISREPRESENTATION, THE PROMOTERS / DIRECTORS UNDERTAKE TO REFUND THE ENTIRE APPLICATION MONIES TO ALL SUBSCRIBERS WITHIN 7 DAYS THEREAFTER WITHOUT PREJUDICE TO THE PROVISIONS OF SECTION 34 OF THE COMPANIES ACT 2013.**



## **Disclaimer Clause of the SME Platform of BSE**

As required, a copy of the Draft Prospectus shall be submitted to the BSE Limited (hereinafter referred to as BSE). The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Prospectus, shall be included in the Prospectus prior to filing the same with RoC.

## **Disclaimer from our Company and the Lead Manager**

**Our Company, its Directors 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.

## **CAUTION**

The Lead Manager accepts no responsibility, save to the limited extent as provided in the MoU for Issue Management entered into among the Lead Manager and our Company dated August 06, 2018, the Underwriting Agreement dated August 06, 2018 entered into among the Underwriter and our Company and the Market Making Agreement dated August 06, 2018, entered into among the Market Maker, Lead Manager and our Company.

All information shall be made available by us 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 or at collection centres or elsewhere.

## **Note:**

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriter and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

## **Disclaimer in respect of Jurisdiction**

This Issue is being made in India to persons resident in India including Indian nationals resident in India (who are not minors, except through their legal guardian), Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. The Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the 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 the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and the Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been any change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.





## Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

## Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the offer document in term of Reg. 106 (O) (1). However, a copy of the Prospectus shall be filed with SEBI at Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.

A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 will be delivered to the RoC situated at Everest, 100, Marine Drive, Mumbai – 400 002.

## Listing

Application shall be made to SME Platform of BSE for obtaining permission for listing of the Equity Shares being issued and sold in the Issue on its SME Platform after the allotment in the Issue. BSE is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue.

If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Prospectus. The allotment letters shall be issued or application money shall be refunded / unblocked within eight days from the closure of the Issue or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Companies Act, 2013, the SEBI (ICDR) Regulations and other applicable law.

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 mentioned above are taken within 6 Working Days of the Issue Closing Date.

Our Company has obtained approval from BSE vide letter dated [●] to use the name of BSE in this Offer Document for listing of equity shares on SME Platform of BSE.

## Price Information of past issues handled by the Lead Manager

	Issue Name	Issue size (₹ Cr.)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in Price on closing price, [+/- % change in closing benchmark]- 30th calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 90th calendar days from listing		+/- % change in Price on closing price, [+/- % change in closing benchmark]- 180th calendar days from listing	
1	Saketh Exim Limited	9.44	69.00	13/08/2018	69.30	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2	Supershakti Metaliks Limited	60.01	375.00	30/07/2018	377.10	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	Ambani Organics	9.03	66.00	18/07/2018	66.65	0.30%	4.47%	N.A.	N.A.	N.A.	N.A.





	Limited										
4	Jakharia Fabric Limited	19.66	180.00	11/07/2018	181.35	5.56%	4.40%	N.A.	N.A.	N.A.	N.A.
5	Garv Industries Limited	3.20	10.00	25/04/2018	10.00	-10.00%	1.23%	-10.60%	6.74%	N.A.	N.A.
6	Giriraj Civil Developers Limited	9.00	100.00	02/04/2018	101.00	1.00%	4.96%	33.75%	4.92%	N.A.	N.A.
7	Yasho Industries Limited	28.99	100.00	02/04/2018	106.00	6.00%	5.78%	6.00%	6.52%	N.A.	N.A.
8	Karda Constructions Limited	77.40	180.00	02/04/2018	136.00	4.03%	5.78%	-3.36%	6.52%	N.A.	N.A.
9	Uravi T and Wedge Lamps Limited	15.00	100.00	28/3/2018	102.50	3.00%	5.72%	5.00%	6.48%	N.A.	N.A.
10	Advitya Trade India Limited	4.31	15.00	26/3/2018	15.01	75.33%	4.34%	11.00%	7.93%	N.A.	N.A.

### Summary Statement of Disclosure

Financial Year	Total no. of IPOs	Total Funds Raised (₹ in Cr.)	Nos. of IPOs trading at discount - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 30 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at discount - 180 <sup>th</sup> calendar day from listing day			Nos. of IPOs trading at premium - 180 <sup>th</sup> calendar day from listing day		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19	8 <sup>(1)</sup>	216.72	-	-	1	-	-	5	-	-	-	-	-	-
2017-18	16	318.24	1	1	4	1	1	8	3	2	2	-	-	4
2016-17	10	147.26	-	1	-	1	-	8	-	1	-	2	3	4
2015-16	3	15.90	-	-	-	-	-	3	-	-	-	1	1	1

<sup>(1)</sup> Details indicated in 2017-18 are for the IPOs completed as on date.

### Notes:

- Since the listing date of Saketh Exim Limited and Supershakti Metaiks Limited was August 13, 2018 and July 30, 2018, respectively, information related to closing price and benchmark index as on the 30<sup>th</sup> calendar day, 90<sup>th</sup> calendar day and 180<sup>th</sup> calendar day from the listing date is not available.
- Since the listing date of Ambani Organics Limited and Jakharia Fabric Limited was July 18, 2018 and July 11, 2018, respectively, information related to closing price and benchmark index as on the 90<sup>th</sup> calendar day and 180<sup>th</sup> calendar day from the listing date is not available.
- Since the listing date of Garv Industries Limited, Giriraj Civil Developers, Yasho Industries Limited, Karda Constructions Limited, Uravi T and Wedge Lamps Limited and Advitya Trade India Limited was, April 25, 2018, April 02, 2018, April 02, 2018, April 02, 2018 March 28, 2018 and March 26, 2018, respectively, information related to closing price and benchmark index as on the 180<sup>th</sup> calendar day from the listing date is not available.
- The respective Designated Stock Exchange for each Issue has been considered as the Benchmark index for each of the above Issues.
- In the event any day falls on a holiday, the price/index of the immediate preceding working day has been considered. If the stock was not traded on the said calendar days from the date of listing, the share price is taken of the immediately preceding trading day.
- Source: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) BSE Sensex and Nifty Fifty as the Benchmark Indices.



## Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Offer as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please see the website of Aryaman Financial Services Limited – [www.afsl.co.in](http://www.afsl.co.in)

## Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Chief Financial Officer, the Statutory Auditors and Bankers to the Company; and (b) the Lead Manager to the Issue, Registrar to the Issue, the Legal Advisors to the Issue, Banker to the Issue, Share Escrow Agent, Market Maker and Underwriters to act in their respective capacities, have been obtained and shall be filed along with a copy of the Prospectus with the RoC, as required under Section 26, 28 and other applicable provisions of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI (ICDR) Regulations, V. J. Shah & Co., Chartered Accountants, Peer Review Auditors, have provided their written consent to the inclusion of their report dated August 18, 2018 on Restated Financial Statements and Jain Kishor & Co., Chartered Accountants, Statutory Auditors, have provided their written consent to the inclusion of their report dated August 18, 2018 on Statement of Tax Benefits, both of which may be available to the Company and its shareholders, included in this Draft Prospectus in the form and context in which they appear therein and such consents and reports have not been withdrawn up to the time of filing of this Draft Prospectus.

## Expert Opinion

Our Company has received written consent from the Peer Review Auditor namely, V. J. Shah & Co., Chartered Accountants, and from the Statutory Auditors namely, Jain Kishor & Co., Chartered Accountants to include their name as required under section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 in respect of the respective reports issued by them on the Restated Financial Statements dated August 18, 2018 and Statement of Tax Benefits dated August 18, 2018, included in this Draft Prospectus and such consents has not been withdrawn as on the date of this Draft Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

## OFFER RELATED EXPENSES

The expenses of this Offer include, among others, underwriting and management fees, Market Making Fees, selling commissions, SCSB’s commission/ fees, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees is given below:

Sr. No.	Particulars	Amount (₹ in lakhs)	% of Total Expenses	% of Total Issue size
1	Issue Management fees including fees and reimbursements of Market Making fees (1 <sup>st</sup> year), and payment to other intermediaries such as Legal Advisors, Registrars and other out of pocket expenses.	[●]	[●]	[●]
2	Brokerage and Selling Commission, Underwriting Commission, RTAs and CDPs <sup>(1)(2)(3)(4)</sup>	[●]	[●]	[●]
3	Advertisement, Printing & Stationery, Marketing Expenses, etc.	[●]	[●]	[●]
4	Listing Fees, Market Regulatory & Other Expenses	[●]	[●]	[●]
<b>Total</b>		[●]	[●]	[●]

<sup>(1)</sup> The SCSBs and other intermediaries will be entitled to a commission of ₹ 10/- per every valid Application Form submitted to them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(2)</sup> The SCSBs would be entitled to processing fees of ₹ 10/- per Application Form, for processing the Application Forms procured by other intermediaries and submitted to the SCSBs.



<sup>(3)</sup> Further the SCSBs and other intermediaries will be entitled to selling commission of 0.01% of the Amount Allotted (product of the number of Equity Shares Allotted and the Offer Price) for the forms directly procured by them and uploaded on the electronic system of the Stock Exchange by them.

<sup>(4)</sup> The payment towards commission and processing fees will be completed within 30 days from the date of receipt of final invoice from the respective entities.

#### **Fees, Brokerage and Selling Commission Payable to the Lead Manager**

The total fees payable to the Lead Manager (including underwriting commission and selling commission) is as stated in the MOU dated August 06, 2018, the Underwriting Agreement dated August 06, 2018 and the Market Making Agreement dated August 06, 2018 among our Company and the Lead Manager and other parties, a copy of which will be made available for inspection at our Registered Office.

#### **Fees Payable to the Registrar to the Issue**

The fees payable to the Registrar to the Issue, for processing of application, data entry, printing of refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the MoU between the Company, and the Registrar to the Issue dated July 18, 2018.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund orders or Allotment advice by registered post/speed post.

#### **CAPITAL ISSUE DURING THE LAST FIVE YEARS**

##### **Previous Public and Rights Issues**

We have not made any public issues and rights issues to the public at large in the past in terms of SEBI (ICDR) Regulations. We are an “Unlisted Company” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

##### **Previous Issues of Equity Shares otherwise than for Cash**

Except as stated in the chapter titled “*Capital Structure*” beginning on page no. 51 of this Draft Prospectus, we have not issued any Equity Shares for consideration other than for cash.

##### **Commission and Brokerage Paid on Previous Issues of our Equity Shares**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

##### **Capital Issues in the last three (3) years by Listed Group Companies / Subsidiaries / Associates**

We do not have any Group Companies / Associates / Subsidiary as on date of this Draft Prospectus.

#### **PERFORMANCE VIS-À-VIS OBJECTS**

##### **Issuer Company**

Our Company has not made any public issue (including any rights issue to the public) since its incorporation.

##### **Listed Group Companies / Subsidiaries / Associate Companies**

We do not have any Group Companies / Associates / Subsidiary as on date of this Draft Prospectus.



## OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY THE COMPANY

The Company has no outstanding debentures or bonds and redeemable preference shares and other instruments as on the date of Draft Prospectus.

### Stock Market Data for our Equity Shares

This being an initial public offer of the Company, the Equity Shares of the Company are not listed on any stock exchange.

## DISPOSAL OF INVESTOR GRIEVANCES

### Mechanism for Redressal of Investor Grievances

The Company has appointed Link Intime India Pvt. Ltd. as the Registrar to the Issue, to handle the investor grievances in co-ordination with the Compliance Officer of the Company. All grievances relating to the present Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the Issue will handle investor's grievances pertaining to the Issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be co-ordinating with the Registrar to the Issue in attending to the grievances to the investor.

All grievances relating to the ASBA process may be addressed to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant. We estimate that the average time required by us or the Registrar to the Issue or the SCSBs for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

Our Board by a resolution on August 03, 2018 constituted a Stakeholders Relationship Committee. The composition of the Stakeholders Relationship Committee is as follows:

Name of the Member	Nature of Directorship	Designation in Committee
Mr. Loukik Tipnis	Non Executive Independent Director	Chairman
Mr. Mahendra Chauhan	Whole-time Director	Member
Mr. Darshan Chauhan	Whole-time Director	Member

For further details, please see the chapter titled "*Our Management*" beginning on page no. 111 of this Draft Prospectus.

The Company has also appointed Ms. Disha Shenoy as the Company Secretary and Compliance Officer for this Issue and she may be contacted at the Corporate Office of our Company.

**Name:** Ms. Disha Shenoy

**Address:** No. 12A, 13 and 14, 1st Floor, Kanak Chambers, 267-71, Kalbadevi Road, Mumbai – 400 002

**Telefax No:** +91 – 22 – 2241 3636

**Email:** [cs@skygold.in](mailto:cs@skygold.in)

Investors can contact the Compliance Officer or the Registrar to the Issue or the Lead Manager in case of any pre – Issue or post – Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary accounts and refund orders.



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**Status of Investor Complaints**

We confirm that we have not received any investor complaint during the three years preceding the date of the Draft Prospectus and hence there are no pending investor complaints as on the date of the Draft Prospectus.

**Disposal of Investor Grievances by Listed Companies under the same Management as the Company**

No company under the same management as the Company has made any public issue (including any rights issues to the public) during the last three years and hence there are no pending investor grievances.

**Change in Auditors**

There has not been any change in the auditors of the Company in the last three years.

**Capitalisation of Reserves or Profits**

Except as stated in the chapter titled "*Capital Structure*" beginning on page no. 51 of this Draft Prospectus, our Company has not capitalised our reserves or profits during the last five years.

**Revaluation of Assets**

We have not re-valued our assets in the last 5 years.



## SECTION IX – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

*The Equity Shares being issued are subject to the provisions of the Companies Act, SEBI (ICDR) Regulations, 2009, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.*

*Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.*

*Further vide the said circular, Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalisation of this facility, of form collection by Registrar to the Issue and DPs as and when the same is made available.*

#### Authority for the Issue

This Issue of Equity Shares has been authorized by the Board of Directors of our Company at their meeting held on June 27, 2018 and was approved by the Shareholders of the Company by passing a Special Resolution at the Extra Ordinary General Meeting held with a shorter notice on July 09, 2018 in accordance with the provisions of Section 62 (1) (c) of the Companies Act, 2013.

#### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank pari-passu in all respects including dividend with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment.

For further details, please refer the chapter titled "Main Provisions of the Articles of Association" beginning on page no. 235 of this Draft Prospectus.

#### Mode of Payment of Dividend

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013, the Memorandum and Articles of Association, and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. Our Company shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer the chapter titled "Dividend Policy" and "Main Provisions of Article of Association" beginning on page nos. 130 and 235 of this Draft Prospectus.

#### Face Value and Issue Price

The Equity Shares having a face value of ₹ 10 each are being issued in terms of this Draft Prospectus at the price of ₹ [●] per Equity Share. The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the chapter titled "Basis for Issue Price" beginning on page no. 66 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 the disclosure and accounting norms**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall also comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the listing agreements with the Stock Exchange and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, etc., please see the section titled "*Main Provisions of Articles of Association*" beginning on page no. 235 of this Draft Prospectus.

## **Minimum Application Value; Market Lot and Trading Lot**

In terms of Section 29 of Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar and Share Transfer Agent to the Issue:

- 1) Tripartite agreement dated [●] between our Company, NSDL and the Registrar and Share Transfer Agent to the Issue.
- 2) Tripartite agreement dated [●] between our Company, CDSL and the Registrar and Share Transfer Agent to the Issue.

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 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.

## **Minimum Number of Allottees**

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies collected shall be refunded within 6 Working days of closure of issue.

## **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

## **Nomination Facility to Investor**

In accordance with Section 72 (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. In case the allotment of Equity Shares is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

#### **Withdrawal of the Issue**

Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue at any time after the Issue Opening Date but before the Board meeting for 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. The Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one day of receipt of such notification. Our Company shall also promptly inform the Stock Exchange on which the Equity Shares were proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment. If our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Draft Prospectus.

#### **ISSUE PROGRAMME**

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

<b>Event</b>	<b>Indicative Date</b>
Issue Opening Date	[●]
Issue Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Allotment / Refunds / Unblocking of Funds	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

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



Applications and any revision to the same shall be accepted **only between 10.00 a. m. and 5.00 p. m. (IST)** during the Issue Period (except for the Issue Closing Date). On the Issue Closing Date, the Applications and any revision to the same shall be accepted only between **10.00 a. m. and 3.00 p. m. (IST)** or such extended time as permitted by the Stock Exchanges, in case of Applications by Retail Individual Applicants after taking into account the total number of applications received up to the closure of timings and reported by the Lead Manager to the Stock Exchanges. It is clarified that Applications not uploaded on the electronic system would be rejected. Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

Due to limitation of time available for uploading the Applications on the Issue Closing Date, the Applicants are advised to submit their Applications one day prior to the Issue Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Issue Closing Date. All times mentioned in this Draft Prospectus are Indian Standard Times. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, as is typically experienced in public offerings, 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 on Business Days. Neither our Company nor the Lead Manager is liable for any failure in uploading the Applications due to faults in any software/hardware system or otherwise.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Applications (in terms of the quantity of the Equity Shares or the Applications Amount) at any stage. Retail Individual Applicants can revise or withdraw their Applications prior to the Issue Closing Date. Except Allocation to Retail Individual Investors, Allocation in the Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book *vis-a-vis* the data contained in the physical Application Form, for a particular Applicant, the details as per the file received from the Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-a-vis* the data contained in the physical or electronic Application Form, for a particular ASBA Applicant, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

### **Minimum Subscription**

The requirement for 90% minimum subscription in terms of Regulation 14 of the ICDR Regulations is not applicable to the Issue. In terms of Regulation 106P(1) of the ICDR Regulations, the Issue is not restricted to any minimum subscription level and is 100% underwritten. Further, pursuant to Regulation 106R of the ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom Equity Shares will be allotted shall not be less than 50.

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. However, we shall ensure that the minimum subscription to be received shall be subject to allotment of minimum number of specified securities as prescribed in sub-clause (b) of clause (2) of rule 19 of Securities Contracts (Regulation) Rules, 1957 and also that the minimum number of allottees as prescribed in regulation 106R of the SEBI (ICDR) Regulations, 2009, as amended.

### **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 SME Platform of BSE.

### **Restrictions, if any, on transfer and transmission of shares or debentures and on their consolidation or splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / splitting, please see the section titled “*Main Provisions of Articles of Association*” beginning on page no. 235 of this Draft Prospectus.

### **New Financial Instruments**

The Issuer Company is not issuing any new financial instruments through this Issue.



### **Option to receive Equity Shares in Dematerialized Form**

As per Section 29(1) of the Companies Act, 2013, allotment of Equity Shares will be made only in dematerialized form. As per SEBI's circular RMB (compendium) series circular no. 2 (1999-2000) dated February 16, 2000, it has been decided by the SEBI that trading in securities of companies making an initial public offer shall be in Dematerialised form only. The Equity Shares on Allotment will be traded only on the dematerialized segment of the SME Platform of BSE.

### **Migration to Main Board**

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE 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 XB of the SEBI (ICDR) Regulations.

As per the provisions of the Chapter XB of the SEBI (ICDR) Regulation, 2009, our Company may migrate to the main board of BSE from the SME Exchange on a later date subject to the following:

- If the Paid up Capital of the company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), we shall have to apply to BSE for listing our shares on its Main Board subject to the 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 ₹ 10 crores but below ₹ 25 crores, we may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

### **Market Making**

The shares issued through this Issue are proposed to be listed on the SME Platform of BSE, wherein the Lead Manager to this Issue shall ensure compulsory Market Making through the registered Market Maker of the SME Exchange for a minimum period of three years from the date of listing of shares offered through this Draft Prospectus.

For further details of the agreement entered into between our Company, The Lead Manager and the Market Maker, please see the chapter titled *"General Information - Details of the Market Making Arrangement for this Issue"* beginning on page no. 48 of this Draft Prospectus.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and may not be offered or sold within the United States, except pursuant to an exemption from or in a transaction not subject to, registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.



## ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer whose post issue face value capital does not exceed more than ten crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such this Issue, please see the chapters titled "*Terms of the Issue*" and "*Issue Procedure*" beginning on page nos. 180 and 187 respectively, of this Draft Prospectus.

Following is the issue structure:

Public issue of 14,20,000 Equity Shares of ₹ 10 each (the "Equity Shares") for cash at a price of ₹ [●] per Equity Share (including a Share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] lakhs ("the Issue") by Sky Gold Limited ("SGL" or the "Company" or the "Issuer").

The Issue comprises a reservation of 72,000 Equity Shares of ₹ 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion") and Net Issue to Public of 13,48,000 Equity Shares of ₹ 10 each ("the Net Issue"). The Issue and the Net Issue will constitute 26.43% and 25.09%, respectively of the post Issue paid up equity share capital of the company. The Issue is being made through the Fixed Price Process:

Particulars of the Issue	Net Issue to Public	Market Maker Reservation Portion
Number of Equity Shares available for allocation	13,48,000 Equity Shares	72,000 Equity Shares
Percentage of Issue Size available for allocation	94.93% of the Issue Size	5.07% of the Issue Size
Basis of Allotment	Proportionate subject to minimum allotment of [●] Equity Shares and further allotment in multiples of [●] Equity Shares each.	Firm Allotment
Mode of Application	Through ASBA Process Only	Through ASBA Process Only
Minimum Application Size	For QIB and NII:  Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value exceeds ₹ 2,00,000.  For Retail Individuals:  [●] Equity Shares	72,000 Equity Shares
Maximum Application Size	For QIB and NII:  Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Size does not exceed 13,48,000 Equity Shares.  For Retail Individuals:  Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value does not exceed ₹ 2,00,000.	72,000 Equity Shares
Mode of Allotment	Dematerialized Form	Dematerialized Form
Trading Lot	[●] Equity Shares	[●] Equity Shares, However the Market Maker may buy odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2009.
Terms of Payment	The entire Application Amount will be payable at the time of submission of the Application Form.	
Application Lot Size	[●] Equity Share and in multiples of [●] Equity Shares thereafter	

**Note:**

- 1) 50 % of the Equity Share offered are reserved for allocation to Applicants below or equal to ₹ 2.00 lakhs and the balance for higher amount Applications.
- 2) 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.
- 3) Applicants will be required to confirm and will be deemed to have represented to our Company, the Lead Manager, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Issue.
- 4) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB.

**Lot Size**

SEBI vide circular CIR/MRD/DSA/06/2012 dated February 21, 2012 (the “Circular”) standardized the lot size for Initial Public Offer proposing to list on SME exchange/platform and for the secondary market trading on such exchange/platform, as under:

Issue Price (in ₹)	Lot Size (No. of shares)
Up to 14	10,000
More than 14 up to 18	8,000
More than 18 up to 25	6,000
More than 25 up to 35	4,000
More than 35 up to 50	3,000
More than 50 up to 70	2,000
More than 70 up to 90	1,600
More than 90 up to 120	1,200
More than 120 up to 150	1,000
More than 150 up to 180	800
More than 180 up to 250	600
More than 250 up to 350	400
More than 350 up to 500	300
More than 500 up to 600	240
More than 600 up to 750	200
More than 750 up to 1000	160
Above 1000	100

Further to the Circular, at the Initial Public Offer stage the Registrar to Issue in consultation with Lead Manager, our Company and BSE shall ensure to finalize the basis of allotment in minimum lots and in multiples of minimum lot size, as per the above given table. The secondary market trading lot size shall be the same, as shall be the IPO Lot Size at the application/allotment stage, facilitating secondary market trading.



## ISSUE PROCEDURE

All Applicants should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document"), included below under "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act 2013, to the extent applicable to a public issue. The General Information Document would be made available with the Lead Manager and would also be made available on the websites of the Stock Exchanges and the Lead Manager before opening of Issue. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be liable for any amendment, modification or change in the applicable law which may occur after the date of 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.

Please note that all the Applicants can participate in the Issue only through the ASBA process. All Applicants shall ensure that the ASBA Account has sufficient credit balance such that the full Application Amount can be blocked by the SCSB at the time of submitting the Application. Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Applicants are required to make payment of the full Application Amount along with the Application Form. In case of ASBA Applicants, an amount equivalent to the full Application Amount will be blocked by the SCSBs.

ASBA Applicants are required to submit ASBA Applications to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Issue and Share Transfer Agent ("RTA") that have been notified by BSE Ltd to act as intermediaries for submitting Application Forms are provided on <http://www.bseindia.com>. For details on their designated branches for submitting Application Forms, please see the above mentioned BSE website.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.

## PART A

### FIXED PRICE ISSUE PROCEDURE

The Issue is being made in compliance with the provisions of Regulation 106 (M) (1) of Chapter XB of the SEBI (ICDR) Regulations, 2009 and through the Fixed Price Process wherein 50% of the Net Issue to Public is being offered to the Retail Individual Applicants and the balance shall be offered to Non Retail Category i.e. QIBs and Non-Institutional Applicants. 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 offered to the remaining investors including QIBs and NIIs and vice-versa 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 Applicants 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 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 Exchanges.

## APPLICATION FORM

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the BSE ([www.bseindia.com](http://www.bseindia.com)), 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 must provide bank account details and authorization 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.

ASBA Applicants shall ensure that the Applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centers 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 shall submit Application Forms to SCSBs and shall not submit it to any non-SCSB bank.

## Who Can Apply?

- 1) Indian nationals resident in India, who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
- 2) 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;
- 3) Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in equity shares;
- 4) Mutual Funds registered with SEBI;
- 5) Eligible NRIs on a repatriation basis or on a non-repatriation basis subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- 6) Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- 7) FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB portion;





- 8) Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Applications portion;
- 9) VCFs registered with SEBI;
- 10) FVCIs registered with SEBI;
- 11) Eligible QFIs;
- 12) Foreign Nationals and other non-residents (subject to eligibility norms specified in SEBI FPI Regulations, 2014 and other applicable provisions)
- 13) Multilateral and bilateral development financial institutions;
- 14) State Industrial Development Corporations;
- 15) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorized under their respective constitutions to hold and invest in equity shares;
- 16) Scientific and/or industrial research organizations authorized in India to invest in equity shares;
- 17) Insurance companies registered with Insurance Regulatory and Development Authority;
- 18) Provident Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- 19) Pension Funds with a minimum corpus of ₹ 250 million and who are authorised under their constitution to hold and invest in equity shares;
- 20) Limited liability partnerships;
- 21) National Investment Fund set up by resolution no. F. NO. 2/3/2005-DDII dated November 23, 2005 of the GoI, published in the Gazette of India;
- 22) Nominated Investor and Market Maker
- 23) Insurance funds set up and managed by the army, navy or air force of the Union of India and by the Department of Posts, India
- 24) Any other person eligible to Apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

***As per the existing policy of the Government of India, OCBs cannot participate in this Issue. 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.***

**Applications not to be made by**

1. Minors (except through their Guardians)
2. Partnership firms or their nominations
3. Overseas Corporate Bodies



## Maximum and Minimum Application Size

### a) *For Retail Individual Applicants:*

The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Amount payable by the Applicant does not exceed ₹ 2,00,000. In case of revision of the Application, the Retail Individual Applicants have to ensure that the Application Amount does not exceed ₹ 2,00,000.

### b) *For Other Applicants (Non-Institutional Applicants and QIBs):*

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Application cannot be submitted for more than the Issue Size. However, the maximum application size by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Applicant cannot withdraw or lower the size of their Application at any stage and are required to pay the entire Application Amount upon submission of the Application.**

The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in Application, the Non-Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

## Information for the Applicants

- a. Our Company shall file the Draft Prospectus with the RoC at least three working days before the Issue Opening Date.
- b. Our Company shall, after registering the Prospectus with the RoC, make a pre-Issue advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre-Issue advertisement, our Company and the Lead Manager shall advertise the Issue Opening Date, the Issue Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.
- c. Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the BSE ([www.bseindia.com](http://www.bseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.
- d. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorized agent(s).
- e. Application should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and / or the Designated Branch.
- f. The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.

**The Applicants should note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic system of the Stock Exchanges does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Application Form is liable to be rejected.**

## Availability of the Prospectus and the Application Forms

Copies of the Application Form and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries, and Registered Office of our Company. An electronic copy of the Application Form will



also be available for download on the websites of the BSE ([www.bseindia.com](http://www.bseindia.com)), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Issue Opening Date.

### **Participation by associates and affiliates of the Lead Manager**

The Lead Manager shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager may subscribe to Equity Shares in the Issue in non Retail Portion, where the allocation is on a proportionate basis.

### **Applications by Mutual Funds**

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, our Company reserves the right to reject the Application without assigning any reason thereof.

Applications made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Applications are made.

**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 equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.**

### **Applications by Eligible NRIs**

NRIs may obtain copies of Application Form from the offices of the Lead Manager and the Designated Intermediaries. Eligible NRI Applicants applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Applicants applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Application Amount, at the time of the submission of the Application Form.

Eligible NRIs applying on non-repatriation basis are advised to use the Application Form for residents (white in colour).

Eligible NRIs applying on a repatriation basis are advised to use the Application Form meant for Non-Residents (blue in colour).

### **Applications by FPI and FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a qualified foreign investor who had not obtained a certificate of registration as an FPI could only continue to buy, sell or otherwise deal in securities until January 6, 2015. Hence, such qualified foreign investors who have not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Issue.

In case of Applications made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Application Form, failing which our Company reserves the right to reject any application without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further,



in case of Applications made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Application Form, failing which our Company reserves the right to reject any Application without assigning any reason.

In terms of the SEBI FPI Regulations, the Issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24.00% of the paid-up Equity Share capital of our Company. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24.00% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Application Form for Non-Residents (blue in colour).

#### **Applications by SEBI registered VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> 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.**

**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 this, our Company 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 reserves the right to reject any Application without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

1. equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
2. the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
3. the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

### **Applications by Provident Funds / Pension Funds**

In case of Applications made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application, without assigning any reason thereof.

### **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 reserve the right to reject any Application without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2015 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

### **Applications by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such



account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Applications by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
- b) With respect to Applications by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Application Form.
- c) With respect to Applications made by provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form.
- d) With respect to 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.
- e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

**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 Applicants are advised to ensure that any single Application from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Prospectus.**

### **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;
- 2) Read all the instructions carefully and complete the Application Form in the prescribed form;
- 3) Ensure that the details about the PAN, DP ID and Client ID are correct and the Applicants depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
- 4) Ensure that your Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary;
- 5) If the first applicant is not the 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;





- 6) Ensure that the signature of the First Applicant in case of joint Applications, is included in the Application Forms;
- 7) 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;
- 8) Ensure that you request for and receive a stamped acknowledgement of your Application;
- 9) Ensure that you have funds equal to the Application Amount in the ASBA Account maintained with the SCSB before submitting the Application Form under the ASBA process to the respective member of the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
- 10) Submit revised Applications to the same Designated Intermediary, through whom the original Application was placed and obtain a revised acknowledgment;
- 11) 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, and (ii) 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;
- 12) Ensure that the Demographic Details are updated, true and correct in all respects;
- 13) 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;
- 14) Ensure that the category and the investor status is indicated;
- 15) Ensure that in case of Applications under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
- 16) Ensure that Applications submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
- 17) 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;
- 18) Ensure that the Application Forms are delivered by the Applicants within the time prescribed as per the Application Form and the Prospectus;
- 19) Ensure that you have mentioned the correct ASBA Account number in the Application Form;
- 20) Ensure that you have correctly signed the authorisation/undertaking box in the Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form at the time of submission of the Application;





- 21) Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
- 22) 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 pay the Application Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
- 4) Do not send Application Forms by post; instead submit the same to the Designated Intermediary only;
- 5) Do not submit the Application Forms to any non-SCSB bank or our Company;
- 6) Do not apply on a Application Form that does not have the stamp of the relevant Designated Intermediary;
- 7) Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
- 8) Do not apply for a Application Amount exceeding ₹ 2,00,000 (for Applications by Retail Individual Applicants);
- 9) 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 the Prospectus;
- 10) Do not submit the General Index Register number instead of the PAN;
- 11) Do not submit the Application without ensuring that funds equivalent to the entire Application Amount are blocked in the relevant ASBA Account;
- 12) 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;
- 13) Do not submit a Application in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
- 14) 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);
- 15) Do not submit more than five Application Forms per ASBA Account;

The Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Issuance of a Confirmation of Allocation Note (“CAN”) and Allotment 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. The Registrar will then dispatch a CAN to their Applicants who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Applicant.

**Payment instructions**

The entire issue price of ₹ [●] per Equity Share is payable on Application. In case of allotment of lesser number of Equity Shares than the number applied, then 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 received by the Registrar to the Public Issue Bank Account. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Applicants shall specify the bank account details in the 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, Not Retails 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 instruction to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public issue Account, or until withdrawal / failure of the Issue or until rejection of the application, as the case may be.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w. e. f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept application forms.

### **Electronic Registration of Applications**

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of the next Working day from the Issue Closing Date.
3. The Application Collecting Intermediary shall be responsible for any acts, mistakes or errors or omission 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) In case the applications accepted and uploaded by any Application Collecting 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 the Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will Issue an electronic facility for registering applications for the Issue. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorised agents during the Issue Period. On the Issue Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting 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 Number;
  - DP ID & Client ID;
  - Numbers of Equity Shares Applied for;
  - Amount;
  - Location of the Banker to the Issue or Designated Branch, as applicable;



- Bank Account Number and
  - Such other information as may be required.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above mentioned details and mentioned the bank account number, except the Electronic Application Form number which shall be system generated.
  8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof or having accepted the application form, in physical or electronic mode, respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
  9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
  10. The Application Collecting Intermediaries shall have no right to reject the applications, except on technical grounds.
  11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way deemed or construed to mean 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 or any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; not does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
  12. The Application Collecting Intermediaries will be given time till 1.00 p.m. on the next working day after the Issue Closing Date to verify the PAN No., 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 the 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.
  13. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA Applicants.

#### Allocation of Equity Shares

- 1) The Issue is being made through the Fixed Price Process wherein 72,000 Equity Shares shall be reserved for the Market Maker. 6,74,000 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from the Retail Individual Applicants at the Issue Price. The balance of the Net Issue will be available for allocation on a proportionate basis to Non Retail Applicants.
- 2) Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Manager and the Stock Exchange.
- 3) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- 4) In terms of SEBI Regulations, Non Retails Applicants shall not be allowed to either withdraw or lower the size of their application at any stage.
- 5) Allotment status details shall be available on the website of the Registrar to the Issue.



## **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 XIII of the SEBI Regulations.

## **Signing of the Underwriting Agreement and the RoC Filing**

- a) Our Company, the Lead Manager and the Market Maker have entered into an Underwriting Agreement on August 06, 2018.
- b) For terms of the Underwriting Agreement please see chapter titled “*General Information*” beginning on page no. 43 of this Draft Prospectus.
- c) We will file a copy of the Prospectus with the RoC in terms of Section 26 and all other provision applicable as per Companies Act.

## **Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application Form, name and address of the SCSB / Designated Intermediary, where the Application was submitted and bank account number in which the amount equivalent to the Application Amount was blocked.

Applicants can contact the Compliance Officer or the Registrar in case of any pre-issue or post-issue related problems such as non-receipt of letters of Allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Applications submitted to the Designated Branches of the SCSBs, the Applicants can contact the Designated Branches of the SCSBs.

## **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, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.



## **Undertaking by our Company**

We undertake the following:

1. If our Company does not proceed with the Issue after the Issue Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
2. If our Company withdraw the Issue after the Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
3. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
4. 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;
5. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
6. Allotment will be made or the application money will be refunded within Six Working Days from the Offer Closing Date or such lesser time as specified by SEBI;
7. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
8. The certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time;
9. No further Issue of Equity Shares shall be made till the Equity Shares offered through this Offer Document are listed or until the Application monies are refunded on account of non-listing, under-subscription etc;
10. Adequate arrangements shall be made to collect all Application Forms and that we shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

## **Utilization of Issue Proceeds**

The Board of Directors of our Company certifies that:

1. All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act, 2013;
2. Details of all monies utilized out of the Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilized under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
3. Details of all unutilized monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilized monies have been invested and
4. Our Company shall comply with the requirements of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.



## **PART B**

### **General Information Document for Investing in Public Issues**

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the issue. For taking an investment decision, the Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Prospectus before investing in the Issue.

#### **SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)**

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs and FPOs, and on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 2009**”).

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at [www.sebi.gov.in](http://www.sebi.gov.in)

For the definitions of capitalized terms and abbreviations used herein Applicants may see “Glossary and Abbreviations”.

#### **SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs**

##### **2.1 Initial public offer (IPO)**

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is inter-alia required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

##### **2.2 Further public offer (FPO)**

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is inter-alia required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

##### **2.3 Other Eligibility Requirements:**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.



For details in relation to the above Applicants may refer to the Prospectus.

## **2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (“Book Built Issue”) or undertake a Fixed Price Issue (“Fixed Price Issue”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre- Issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/ Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

## **2.5 ISSUE PERIOD**

The Issue may be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or Prospectus for details of the Bid/ Issue Period. Details of Bid/ Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Issue Period for QIBs one Working Day prior to the Bid/ Issue Closing Date if disclosures to that effect are made in the Prospectus. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/ Issue Period may be extended by at least three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

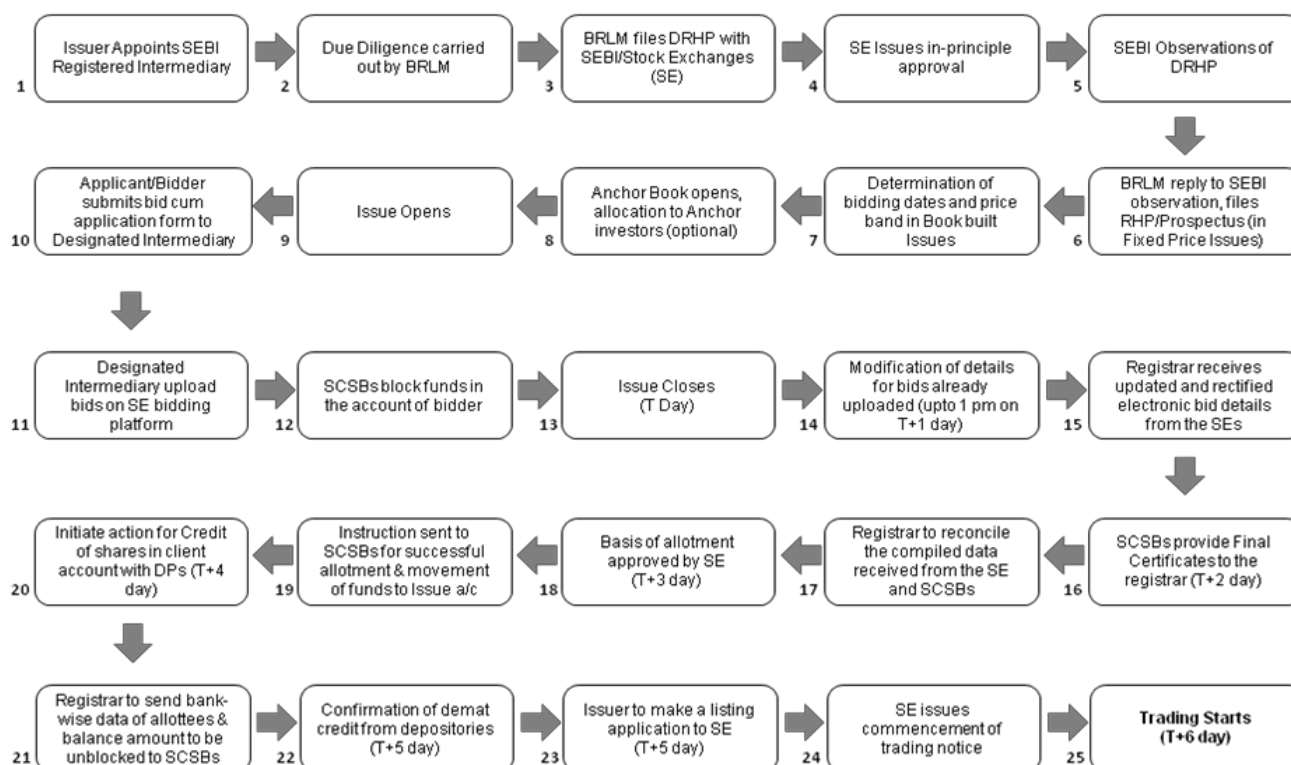
## **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Applicants may note that this is not applicable for Fast Track FPOs:

In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

- i. Step 7 : Determination of Issue Date and Price
- ii. Step 10: Applicant submits Bid cum Application Form with Designated Branch of SCSB.





### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

**Each Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Applicants, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;



- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Investors (“**NII**s”) category;
- FPIs other than Category III foreign portfolio investors, Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008; and
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

#### SECTION 4: APPLYING IN THE ISSUE

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of a member of the Syndicate or any other Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Book Running Lead Managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/ Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the Prospectus.

**Fixed Price Issue:** Applicants should only use the specified cum Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Applicants 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

Securities issued in an IPO can only be in dematerialized form in accordance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

#### 4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/APPLICATION FORM

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Bid cum Application Form and sample are provided below.

A sample Bid cum Application Form is reproduced below:



TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details: ..... CIN No .....	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</b>
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LOGO

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : .....

Bid cum  
Application  
Form No.

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr. / Ms. ....
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	Address .....
		Email .....
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	Tel. No (with STD code) / Mobile .....
		<b>2. PAN OF SOLE / FIRST BIDDER</b>
		.....

<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		<b>6. INVESTOR STATUS</b>																																							
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID		<input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please specify) - OTH																																							
<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>		<b>5. CATEGORY</b>																																							
<b>Bid Options</b>	<table border="1"> <tr> <th colspan="8">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="4">Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> </tr> <tr> <th colspan="8"></th> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> <th>"Cut-off" (Please tick)</th> </tr> <tr> <td>8</td><td>7</td><td>6</td><td>5</td><td>4</td><td>3</td><td>2</td><td>1</td> <td>3</td><td>2</td><td>1</td> <td>3</td><td>2</td><td>1</td> </tr> </table>	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)												Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)	8	7	6	5	4	3	2	1	3	2	1	3	2	1	<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB	
No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)																																	
								Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)																														
8	7	6	5	4	3	2	1	3	2	1	3	2	1																												
Option 1																																									
(OR) Option 2																																									
(OR) Option 3																																									

<b>7. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : FULL PAYMENT</b> <input type="checkbox"/> <b>PART PAYMENT</b> <input type="checkbox"/>
Amount paid (₹ in figures) .....	(₹ in words) .....
ASBA Bank A/c No. ....	
Bank Name & Branch .....	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the line	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date : .....	1) ..... 2) ..... 3) .....	

TEAR HERE

<b>LOGO</b>	<b>XYZ LIMITED</b> <b>INITIAL PUBLIC ISSUE - R</b>	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	<b>Bid cum Application Form No.</b>
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<b>DPID / CLID</b>	.....	<b>PAN of Sole / First Bidder</b>	.....
--------------------	-------	-----------------------------------	-------

Amount paid (₹ in figures) .....	Bank & Branch .....	<b>Stamp &amp; Signature of SCSB Branch</b>
ASBA Bank A/c No. ....		
Received from Mr./Ms. ....		
Telephone / Mobile .....	Email .....	

TEAR HERE

<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	Option 1	Option 2	Option 3	<b>Stamp &amp; Signature of Broker / SCSB / DP / RTA</b>	<b>Name of Sole / First Bidder</b>
	No. of Equity Shares				
	Bid Price				
	Amount Paid (₹)				
	ASBA Bank A/c No. ....				
	Bank & Branch .....				
					<b>Acknowledgement Slip for Bidder</b>
					<b>Bid cum Application Form No.</b>



#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE / FIRST BIDDER / APPLICANT

- a. Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- b. **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications (including letters notifying the unblocking of the bank accounts of Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- c. **Joint Bids/Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Bid cum Application Form/Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- d. **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who:

- makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- e. **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE/FIRST APPLICANT

- a) PAN (of the sole/first Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Applicants residing in Sikkim (“PAN Exempted Applicants”). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.



- c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories

#### 4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/Application Form is liable to be rejected.**
- b) Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- c) Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/ Issue Opening Date in case of an IPO, and at least one Working Day before Bid/ Issue Opening Date in case of an FPO.
- b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))
- c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the Prospectus or the advertisement regarding the Price Band published by the Issuer.





#### 4.1.4.1 MAXIMUM AND MINIMUM BID SIZE

- a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 2,00,000.
- b) In case the Bid Amount exceeds ₹ 2,00,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.
- c) For NRIs, a Bid Amount of up to ₹ 2,00,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 2,00,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹ 2,00,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut off Price.
- e) RII may revise or withdraw their bids until Bid/ Issue Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- f) In case the Bid Amount reduces to ₹ 2,00,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- g) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- h) A Bid cannot be submitted for more than the Issue size.
- i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 MULTIPLE BIDS

- a. Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.



- b. Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - 1. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - 2. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- c. The following Bids may not be treated as multiple Bids:
  - 1. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the issue portion in public category.
  - 2. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - 3. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - 4. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS**

- a. The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, NIIs and QIBs.
- b. Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the Prospectus.
- c. An Issuer can make reservation for certain categories of Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Applicants may refer to the Prospectus.
- d. The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Applicant may refer to the Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- a. Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- b. Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- c. Applicants should check whether they are eligible to apply on non -repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- d. Applicants should ensure that their investor status is updated in the Depository records.





#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- a. The full Bid Amount (net of any Discount, as applicable) shall be blocked based on the authorisation provided in the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- b. Bidders who Bid at Cut-off Price shall deposit the Bid Amount based on the Cap Price.
- c. All Bidders (except Anchor Investors) can participate in the Issue only through the ASBA mechanism.
- d. Bid Amount cannot be paid in cash, through money order or through postal order.

##### **4.1.7.1 Instructions for Anchor Investors:**

- a. Anchor Investors may submit their Bids with a Book Running Lead Manager.
- b. Payments should be made either by RTGS, NEFT or cheque/ demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Anchor Investor Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- c. If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.
- d. The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.
- e. Anchor Investors are advised to provide the number of the Anchor Investor Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

##### **4.1.7.2 Payment instructions for Bidders (other than Anchor Investors)**

- a) Bidders may submit the Bid cum Application Form either
  - 1) in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account, or
  - 2) in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - 3) in physical mode to any Designated Intermediary.
- b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder;
- d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- f) Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified Locations. Bidders should also note that Bid cum Application



Forms submitted to the Syndicate at the Specified Locations may not be accepted by the member of the Syndicate if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).

- g) Bidders bidding through a Registered Broker, RTA or CDP should note that Bid cum Application Forms submitted to them may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for the Registered Brokers, RTA or CDP, as the case may be, to deposit Bid cum Application Forms.
- h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs.
- m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Issue Closing Date.

#### **4.1.7.3 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.



- b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the Prospectus.
- c) The Bidders entitled to the applicable Discount in the Issue may block an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- a) Only the First Applicant is required to sign the Bid cum Application Form/Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the ASBA Account holder(s) is also required.
- c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- d) Applicants must note that Bid cum Application Form/Application Form without signature of Applicant and/or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- a) Bidders should ensure that they receive the Acknowledgement Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the Bid cum Application Form.
- b) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
  - 1) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity shares, refund orders, the Applicants should contact the Registrar to the Issue.
  - 2) In case of Bids submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
  - 3) In case of queries relating to uploading of Bids by a Syndicate Member, the Applicants should contact the relevant Syndicate Member.
  - 4) In case of queries relating to uploading of Bids by a Registered Broker, the Applicants should contact the relevant Registered Broker
  - 5) In case of Bids submitted to the RTA, the Applicants should contact the relevant RTA.
  - 6) In case of Bids submitted to the DP, the Applicants should contact the relevant DP.
  - 7) Applicant may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- c) The following details (as applicable) should be quoted while making any queries –
  - 1) full name of the sole or First Applicant, Bid cum Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application;
  - 2) name and address of the Designated Intermediary, where the Bid was submitted; or



- 3) In case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

- d) In case of Anchor Investor bids cheque or draft number and the name of the issuing bank thereof.

For further details, Applicant may refer to the Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- a. During the Bid/ Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- b. RII may revise their bids or withdraw their Bids till the Bid/ Issue Close Date.
- c. Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- d. The Applicant can make this revision any number of times during the Bid/ Issue Period. However, for any revision(s) in the Bid, the Applicants will have to use the services of the same Designated Intermediary through which such Applicant had placed the original Bid. Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:



<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>
	Address : ..... Contact Details : ..... CIN No. ....	

LOGO

TO,  
THE BOARD OF DIRECTORS  
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : .....

Bid cum  
Application  
Form No.

<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER/SCSB/DP/RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE / FIRST BIDDER</b>
		Mr. / Ms. ....
		Address .....
		Email .....
		Tel. No (with STD code) / Mobile .....
<b>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</b>	<b>ESCROW BANK/SCSB BRANCH STAMP &amp; CODE</b>	<b>2. PAN OF SOLE / FIRST BIDDER</b>
		.....
<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>	<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b>
		..... NSDL ..... CDSL
For NSDL, enter 8 digit DP ID followed by 8 digit Client ID / For CDSL, enter 16 digit Client ID		

**PLEASE CHANGE MY BID**

4. FROM (AS PER LAST BID OR REVISION)													
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)				
	(In Figures)								(In Figures)				
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)	
Option 1												<input type="checkbox"/>	
(OR) Option 2												<input type="checkbox"/>	
(OR) Option 3												<input type="checkbox"/>	
5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")													
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only)				
	(In Figures)								(In Figures)				
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)	
Option 1												<input type="checkbox"/>	
(OR) Option 2												<input type="checkbox"/>	
(OR) Option 3												<input type="checkbox"/>	

6. PAYMENT DETAILS									
Additional Amount Paid (₹ in figures) ..... (₹ in words) .....									
PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>									
ASBA Bank A/c No. ....									
Bank Name & Branch .....									

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABBREVED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

<b>7A. SIGNATURE OF SOLE/ FIRST BIDDER</b>	<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)</b>	<b>BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>
Date : .....	I/We authorize the SCSB to do all acts as are necessary to make the Application in the form: 1) ..... 2) ..... 3) .....	

TEAR HERE

<b>XYZ LIMITED</b>	<b>XYZ LIMITED</b>	<b>Acknowledgement Slip for Broker/SCSB/ DP/RTA</b>	<b>Bid cum Application Form No.</b>
	<b>BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>		

DPID / CLID	.....	PAN of Sole / First Bidder
Additional Amount Paid (₹) .....		Stamp & Signature of SCSB Branch
ASBA Bank A/c No. ....		
Received from Mr./Ms. ....		
Telephone / Mobile .....	Email .....	

TEAR HERE

<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder
	Option 1	Option 2	Option 3																
No. of Equity Shares																			
Bid Price																			
Additional Amount Paid (₹)																			
ASBA Bank A/c No. ....			Acknowledgement Slip for Bidder																
Bank & Branch .....																			
			<b>Bid cum Application Form No.</b>																

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:





#### **4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3. 4.2.2

#### **FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'**

- a. Apart from mentioning the revised options in the Revision Form, the Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Applicant has Bid for three options in the Bid cum Application Form and such Applicant is changing only one of the options in the Revision Form, the Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Forms.
- b. In case of revision, Bid options should be provided by Applicants in the same order as provided in the Bid cum Application Form.
- c. In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- d. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- e. In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

#### **4.2.3 FIELD 6: PAYMENT DETAILS**

- a) All Applicants are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- b) Applicant may Offer instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the Prospectus. If, however, the Applicant does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Applicant is deemed to have approved such revised Bid at the Cut-off Price.
- d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.



#### **4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

#### **4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

##### **4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

##### **4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- a. The Issuer may mention Price or Price Band in the Prospectus. However a Prospectus registered with RoC contains one price or coupon rate (as applicable).
- b. Minimum Application Value and Bid Lot: The Issuer in consultation with the Lead Manager to the Issue (LM) may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- c. Applications by RIIs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- d. Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- e. An application cannot be submitted for more than the Issue size.
- f. The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- g. Multiple Applications: An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- h. Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  1. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Applicant and may be rejected.
  2. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- i. The following applications may not be treated as multiple Bids:
  1. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Issue portion in public category.
  2. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.





3. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its subaccounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.3.3 FIELD NUMBER 5: CATEGORY OF APPLICANTS**

- a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### **4.3.4 FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### **4.3.5 FIELD 7: PAYMENT DETAILS**

- a) All Applicants (other than Anchor Investors) are required to make use ASBA for applying in the Issue
- b) Application Amount cannot be paid in cash, through money order, cheque or through postal order or through stock invest.

##### **4.3.5.1 Payment instructions for Applicants**

- a) Applicants may submit the Application Form in physical mode to the Designated Intermediaries.
- b) Applicants must specify the Bank Account number in the Application Form. The Application Form submitted by an Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- f) Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.



- j) Upon submission of a completed Application Form each Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

#### **4.3.5.2 Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

#### **4.3.5.3 Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

#### **4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & CKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### **4.4 SUBMISSION OF BID CUM APPLICATION FORM/REVISION FORM/APPLICATION FORM**

##### **4.4.1 Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

<b>Mode of Application</b>	<b>Submission of Bid cum Application Form</b>
Anchor Investors Application Form	To the Book Running Lead Managers at the Specified Locations mentioned in the Bid cum Application Form
All Applications (other than Anchor Investors)	To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location To the Designated Branches of the SCSBs where the ASBA Account is maintained



- a) Applicants should submit the Revision Form to the same Designated Intermediary through which such Applicant had placed the original Bid.
- b) Upon submission of the Bid cum Application Form, the Applicant will be deemed to have authorized the Issuer to make the necessary changes in the Prospectus and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Applicant.
- c) Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/ Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- a) During the Bid/ Issue Period, Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- b) In case of Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Applicants are requested to refer to the Prospectus.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- b) On the Bid/ Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/ Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

### **5.3 BUILD UP OF THE BOOK**

- a) Bids received from various Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Issue Period.
- b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/ Issue Period.



## **5.4 WITHDRAWAL OF BIDS**

- a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - 1. the Bids accepted by the Designated Intermediaries,
  - 2. the Bids uploaded by the Designated Intermediaries, and
  - 3. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, inter-alia, on the following grounds, which have been detailed at various places in this GID:-

- a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- b) Bids/Applications by OCBs; and
- c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents not being submitted along with the Bid cum application form/Application Form;
- e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- f) Bids/Applications by persons in the United States excluding persons who are a U.S. QIB (as defined in the Prospectus);
- g) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;



- h) PAN not mentioned in the Bid cum Application Form/Application Form, except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- k) Bids/Applications at a price less than the Floor Price and Bids/Applications at a price more than the Cap Price;
- l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- m) The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- o) Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account;
- p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the Prospectus;
- q) Multiple Bids/Applications as defined in this GID and the Prospectus;
- r) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/ Issue Opening Date advertisement and as per the instructions in the Prospectus and the Bid cum Application Forms;
- s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- t) In case of Anchor Investors, Bids/Applications where sufficient funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;
- u) Where no confirmation is received from SCSB for blocking of funds;
- v) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- w) Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- x) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and
- y) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## **5.6 BASIS OF ALLOCATION**

- a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Applicants in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the Prospectus. For details in relation to allocation, the Applicant may refer to the Prospectus.
- b) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.



- c) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Applicants may refer to the Prospectus.
- d) Illustration of the Book Building and Price Discovery Process Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

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

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

#### e) Alternate Method of Book Building

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding (“**Alternate Book Building Process**”).

The Issuer may specify the Floor Price in the Prospectus or advertise the Floor Price at least one Working Day prior to the Bid/ Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIIs, NIIs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the Application Form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net issue to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii)





other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section of the GID.

## **SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

The Allotment of Equity Shares to Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Applicants may refer to Prospectus. No Retail Individual Investor will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIIs**

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("**Maximum RII Allottees**"). The Allotment to the RIIs will then be made in the following manner:

- a. In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- b. In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### **7.2 ALLOTMENT TO NIIs**

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Applicants may refer to the SEBI ICDR Regulations, 2009 or Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- a. In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;



In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the issuer in consultation with the Investor and the BRLMs, subject to compliance with the following requirements:
1. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  2. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  3. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 10 crores;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 10 crores and up to ₹ 250 crores subject to minimum Allotment of ₹ 5 crores per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 250 crores, and an additional 10 Anchor Investors for every additional ₹ 250 crores or part thereof, subject to minimum Allotment of ₹ 5 crores per such Anchor Investor.
- b) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- c) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- d) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### **7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE**

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- a. Bidders may be categorized according to the number of Equity Shares applied for;
- b. The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;



- c. The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- d. In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- e. If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and
- f. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## **7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- a) Designated Date: On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- b) Issuance of Allotment Advice: Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue. Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.
- c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Applicants Depository Account will be completed within six Working Days of the Bid/ Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/ Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with CDPs, and dispatch the Allotment Advice within six Working Days of the Bid/ Issue Closing Date



## **8.2 GROUNDS FOR REFUND**

### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Applicants.

If such money is not refunded to the Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the Prospectus.

### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any Issue for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay or unblock the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

- a) **In case of Bids/Applications (other than Anchor Investors):** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories, the Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in



delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### 8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- Direct Credit** - Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- RTGS** - Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS; and

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers, etc. Anchor Investors may refer to Prospectus.

## 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 working days of the Bid/ Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/ Issue Closing Date, if Allotment is not made.

## SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Issue to 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	An Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and the Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor





Term	Description
	Investor Portion and which will be considered as an application for Allotment in terms of the Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue
Application Supported by Blocked Amount/ASBA	An application, whether physical or electronic, used by Applicants, other than Anchor Investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the Applicant
Banker(s) to the Issue / Escrow Collection Bank(s) / Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue
Bid	An indication to make an Issue during the Bid/ Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications there to. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Applicant up on submission of the Bid(except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/ Issue Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language news paper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Bid/ Issue Closing Date
Bid/ Issue Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants may refer to the Prospectus for the Bid/ Issue Opening Date
Bid/ Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/ Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period
Bid cum Application Form	An application form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid and which will be considered





Term	Description
	as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Applicant	Any prospective investor who makes a Bid pursuant to the terms of the Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Applicant should be construed to mean an Applicant
Book Built Process / Book Building Process / Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Applicants can submit the Bid cum Application Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s) / Book Running Lead Manager(s) / Lead Manager / LM	The Book Running Lead Manager to the Issue as disclosed in the Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2nd & 4th Saturday of a month and public holidays)
CAN / Confirmation of Allotment Note	The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Applicants including the Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Applicants (exc Anchor Investor) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the Bid cum Application Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )



Term	Description
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries / Collecting Agent	Syndicate Members, Sub-Syndicate/Agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the Bid cum Application Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The Draft Prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoter and immediate relatives of the promoter. For further details, Applicant may refer to the Draft Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may issue cheques or demand drafts or transfer money through NEFT or RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Applicant	The Applicant whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue / Fixed Price Process / Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or	Foreign Venture Capital Investors as defined and registered with SEBI



Term	Description
FVCIs	under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RII Allottees	The maximum number of RIIs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom the Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIIs	All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. 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
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue Opening



Term	Description
	Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information
Public Issue Account	An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the Prospectus and Bid cum Application Form of the Issuer
Refunds through electronic transfer of funds	Refunds through Direct Credit, NEFT, RTGS or ASBA, as applicable
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Issue /RTO	The Registrar to the Issue as disclosed in the Prospectus and Bid cum Application Form
Reserved Category / Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Issue reserved for such category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors/RIIs	Investors who applies or bids for a value of not more than ₹ 200,000 (including HUFs applying through their karta and eligible NRIs and does not include NRIs other than Eligible NRIs.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum Bid Lot, subject to availability in RII category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders, including ASBA Bidders, in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application



Term	Description
	Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> and updated from time to time
Stock Exchanges / SE	The stock exchanges as disclosed in the Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s) / SM	The Syndicate Member(s) as disclosed in the Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Any day, other than 2nd and 4th Saturday of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/ Issue Period, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.



## 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 FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“DIPP”), issued consolidated FDI Policy, which with effect from August 28, 2017 consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, the Consolidation FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares by an Indian resident to a Non-Resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**The Equity Shares offered in the Issue have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States to persons reasonably believed to be “qualified institutional investors” (as defined in Rule 144A under the Securities Act) pursuant to Rule 144A under the Securities Act or other applicable exemption under the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdictions where such offers and sales occur.**

**The above information is given for the benefit of the Applicants. Our Company, the Selling Shareholders 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.**





## SECTION X – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Table F in Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

*These Articles of Association were adopted in substitution for and to the entire exclusion of the earlier Articles of Association at the Extra-ordinary General Meeting of the Company held on June 19, 2018.*

### GENERAL AUTHORITY

2. Where the Act requires that the company cannot undertake any act or exercise any rights or powers, unless expressly authorized by its articles, these articles shall in relation to the Company, be deemed to confer such right, authority or power.

### CAPITAL AND INCREASE AND REDUCTION THEREOF

3. The Authorized Share Capital of the Company is such amount, as stated, for the time being, or may be varied, from time to time, under the provisions of the Act, in the Clause V of the Memorandum of Association of the Company, divided into such number, classes and descriptions of Shares and into such denominations, as stated therein, and further with such powers to increase the same or otherwise as stated therein.
4. The Company, in general meeting, may, from time to time, increase the capital by the creation of new shares. Such increase in the capital shall be of such aggregate amount and to be divided into such number of Shares of such respective amounts, as the resolution, so passed in that respect, shall prescribe. Subject to the provisions of the Act, any Shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting, resolving upon the creation thereof, shall direct, and, if no direction be given, as the Directors shall determine, and, in particular, such Shares may be issued with a preferential, restricted or qualified right to dividends, and in the distribution of assets of the Company, on winding up, and with or without a right of voting at general meetings of the Company, in conformity with and only in the manner prescribed by the provisions of the Act. Whenever capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the applicable provisions of the Act.
5. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions contained herein with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise.
6. Subject to the provisions of Section 55 of the Act and the rules made thereunder, the Company shall have the power to issue preference shares, which are liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.
7. On the issue of Redeemable Preference Shares under the provisions of the preceding Article, the following provisions shall take effect:-
  - (i) No such Shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of Shares made for the purpose of the redemption.
  - (ii) No such shares shall be redeemed unless they are fully paid;
  - (iii) The premium, if any, payable on redemption, must have been provided for, out of the profits of the Company or the Share Premium Account of the Company before, the Shares are redeemed; and
  - (iv) Where any such Shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund to be called “Capital Redemption Reserve Account”, a sum equal to the nominal amount of the Shares



redeemed and the provisions of the Act, relating to the reduction of the Share Capital of the Company, shall, except as provided in Section 80 of the Act, apply as if "Capital Redemption Reserve Account" were paid up Share capital of the Company.

8. Subject to Section 66 of the Companies Act, 2013, the Company may by special resolution, reduce its capital and any Capital Redemption Reserve Account or Other Premium Account, for the time being, in any manner, authorized by law, and, in particular, without prejudice to the generality of the foregoing powers, the capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power, the Company would have, if it were omitted.
9. Subject to the applicable provisions of the Act, the Company, in general meeting, may, from time to time, sub-divide, reclassify or consolidate its Shares or any of them, and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the other or others. Subject as aforesaid, the Company, in general meeting, may also cancel shares, which have not been taken or agreed to be taken by any person, and diminish the amount of its Share capital by the amount of the Shares so cancelled.
10. Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the applicable provisions of the Act, be modified, commuted, affected or abrogated, or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified, in writing, by holders of at least three-fourths in nominal value of the issued Shares of the class or is confirmed by a special resolution passed at a separate general meeting of the holders of Shares of that class and all the provisions hereinafter contained as to general meetings, shall, mutatis mutandis, apply to every such meeting.

## SHARES AND CERTIFICATES

11. The Company shall keep or cause to be kept a Register and Index of Members, in accordance with the applicable Sections of the Act. The Company shall be entitled to keep, in any State or Country outside India, a Branch Register of Members, in respect of those residents in that State or Country.
12. The Shares, in the capital, shall be numbered progressively according to their several classes and denominations, and, except in the manner hereinabove mentioned, no Share shall be sub-divided. Every forfeited or surrendered Share may continue to bear the number by which the same was originally distinguished with, or as may be otherwise, as may be decided by the Board of Directors or required by any other authority, as may be, for the time being, in force.
13. (i) Where at the time, it is proposed to increase the subscribed capital of the Company by allotment of further Shares either out of the unissued or out of the increased Share capital then:
  - (a) Such further Shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those Shares at that date.
  - (b) Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not less than fifteen days and not exceeding thirty days from the date of the offer within which the offer if not accepted, will be deemed to have been declined.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right provided that the Directors may decline, without assigning any reason to allot any Shares to any person in whose favour any member may, renounce the Shares offered to him.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
- (ii). Notwithstanding anything contained in sub-clause (i) thereof, the further Shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (i) hereof) in



any manner 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 prescribed in the rules made thereunder.

(iii). Nothing in sub-clause (c) of (i) hereof shall be deemed:

- (a) To extend the time within the offer should be accepted; or
- (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favor the remuneration was first made has declined to take the Shares comprised in the renunciation.

(iv). Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the Debenture issued or loans raised by the Company to convert such Debenture or loans into Shares in the Company. Provided that the terms of issue of such Debentures or the terms of such loans 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.

14. Subject to the provisions of Section 62 of the Companies Act, 2013 and the rules made thereunder and these Articles of the Company for the time being shares 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 part and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. The Board shall cause to be filed the returns as to allotment as may be prescribed from time to time.
15. In addition to and without derogating from the powers for that purpose conferred on the Board under the preceding two Articles, the Company, in general meeting, may determine that any Shares, whether forming part of the original capital or of any increased capital of the Company, shall be offered to such persons, whether or not the members of the Company, in such proportion and on such terms and conditions and, subject to compliance with the provisions of applicable provisions of the Act, either at a premium or at par, as such general meeting shall determine and with full power to give any person, whether a member or not, the option to call for or be allotted Shares of any class of the Company either, subject to compliance with the applicable provision of the Act, at a premium or at par, such option being exercisable at such times and for such consideration as may be directed by such general meeting, or the Company in general meeting may make any other provision whatsoever for the issue, allotment or disposal of any Shares.
16. Any application signed by or on behalf of an applicant for subscription for Shares in the Company, followed by an allotment of any Shares therein, shall be an acceptance of Shares within the meaning of these Articles, and every person, who, thus or otherwise, accepts any Shares and whose name is entered on the Register shall, for the purpose of these Articles, be a member.
17. The money, if any, which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any Shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly, in the manner prescribed by the Board.
18. Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time, in accordance with the Regulations of the Company, require or fix for the payment thereof.



**19.**

- i. Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates within two (2) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one (1) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one of several joint holders shall be sufficient delivery to all Shareholders. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a power of attorney and the Secretary or some other person appointed by the Board for the purpose, and such two Directors or their attorneys, and the Secretary or other person shall sign the Share Certificates, provided that, if the composition of the Board permits, provided that, of it, at least one of the aforesaid two Directors shall be a person other than Managing Director or a Wholetime Director. Particulars of every Share certificates issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.
- ii. Any two or more joint allottees, in respect of a Share, shall, for the purpose of this Article, be treated as a single member, and the certificate of any Share, which may be subject of joint ownership, may be delivered to the person named first in the order or otherwise even to any one of such joint owners, on behalf of all of them. For any further certificate, the Board shall be entitled but shall not be bound to prescribe a charge not exceeding Rupee 50(fifty) per such certificate. In this respect, the Company shall comply with the applicable provisions, for the time being, in force, of the Act.
- iii. A director may sign a Share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

**20.**

- i. The Directors may, if they think fit, subject to the provisions of Section 50 of the Act, agree to receive from any member willing to advance the same, all or any part of the amount of his Shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advances has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The member shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The Provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

- ii. When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "Issued in lieu of Share Certificate No..... sub-divided/replaced/on consolidation of Shares".
- iii. If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, and a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 50/- (Fifty) for each certificate) as the Directors shall prescribe. Provided that no



fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

- iv. When a new Share certificate has been issued in pursuance of the preceding clause of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “DUPLICATE. Issued in lieu of Share Certificate No. ....” The word “DUPLICATE” shall be stamped or punched in bold letters across the face of the Share certificate.
  - v. Where a new Share certificate has been issued in pursuance of clause (i) or clause (iii) of this Article, particulars of every such Share certificate shall be entered in a Register of Renewed and Duplicate Share Certificates, indicating against the names of the person or persons to whom the certificate is issued, the number and date of issue of the Share certificate, in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the “Remarks” column.
  - vi. All blank forms to be issued for issue of Share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively numbered, whether by machine, hand or otherwise, and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary, where there is no Secretary, the Managing Director or Whole time Director, and where there is no such director, the Chairman of the Board, for the time being, or otherwise of such other person, as the Board may appoint for the purpose, and the Secretary, such director, Chairman or such other person shall be responsible for rendering an account of these forms to the Board.
  - vii. The Managing Director of the Company, for the time being, or, if the Company has no Managing Director, every director of the Company shall be severally responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of Share certificates except the blank forms of Share certificates referred to in Clause (vi) of this Article.
  - viii. All books referred to in clause (vii) of this Article shall be preserved in good order permanently, or for such period as may be prescribed by the Act or the Rules made thereunder.
21. If any Share stands in the names of two or more persons, the person first named, in the Register, shall, as regards receipt of dividends or bonus or service of notices and all or any matter connected with the Company, except voting at meetings and the transfer of the Shares, be deemed the sole holder thereof but the joint holders of a Share shall be severally as well as jointly liable for the payment of all installments of calls due in respect of such Share and for all incidents otherwise.
22. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any Share, or, except only as is, by these presents, otherwise expressly provided, any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person, from time to time, registered as the holder thereof, but the Board shall be, at liberty, at their sole discretion, to register any Share in the joint names of any two or more persons or the survivor or survivors of them.
23. Subject to the provisions of Sections 68 to 70 of the Act 2013 and the rules thereunder, the Company may purchase its own Shares or other specified securities out of free reserves, the securities premium account or the proceeds of issue of any Share or specified securities.
24. Subject to the provisions contained in sections 68 to 70 and all applicable provisions of the Act and subject to such approvals, permissions, consents and sanctions from the concerned authorities and departments, including the Securities and Exchange Board of India and the Reserve Bank of India, if any, the Company may, by passing a special resolution at a general meeting, purchase its own Shares or other specified securities (hereinafter referred to as ‘buy-back’) from its existing Shareholders on a proportionate basis and/or from the open market and/or from the lots smaller than market lots of the securities (odd lots), and/or the securities issued to the employees of the Company pursuant to a scheme of stock options or sweat Equity, from out of its free reserves





or out of the securities premium account of the Company or out of the proceeds of any issue made by the Company specifically for the purpose, on such terms, conditions and in such manner as may be prescribed by law from time to time; provided that the aggregate of the securities so bought back shall not exceed such number as may be prescribed under the Act or Rules made from time to time.

## **COMMISSION AND BROKERAGE**

25. Subject to the provisions of Section 40 of the Act 2013 and the rules thereof, the Company may, at any time, pay a commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Shares in or Debentures of the Company or procuring or agreeing to procure the subscribers, whether absolutely or conditional, for any Shares in or Debentures of the Company, but so that the commission shall not exceed, in the case of Shares, five per cent of the price at which the Shares are issued and, in the case of Debentures two and half per cent of the price at which the Debentures are issued, and such commission may be satisfied in any such manner, including the allotment of the Shares or Debentures, as the case may be, as the Board thinks fit and proper.
26. Subject to the provisions of the Act, the Company may pay a reasonable sum for brokerage.

## **CALLS**

27. The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a resolution passed only at a duly constituted meeting of the Board, make such call, as it thinks fit, upon the members in respect of all moneys unpaid on the Shares held by them respectively and each member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments.
28. At least fifteen days' notice, in writing, of any call, shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call be paid.
29. A call shall be deemed to have been made at the time when the resolution authorizing such call was passed at a meeting of the Board.
30. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members whom owing to their residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension, save as a matter of grace and favor.
31. A call may be revoked or postponed at the discretion of Board.
32. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.
33. If any members fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall, from time to time, be fixed by the Board, but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.
34. 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 Articles, be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and, in the case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply, as if such sum had become payable by virtue of a call duly made and notified.
35. On the trial or hearing of any action or suit brought by the Company against any member or his representative for the recovery of any money claimed to be due to the Company in respect of his Shares, it shall be sufficient to prove that the name of the member, in respect of whose Shares the money is sought to be recovered, appears or is entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered, is alleged to have become due on the Shares in respect of which money is sought to be recovered,





and that the resolution making the call is duly recorded in the minute book, and that notice, of which call, was duly given to the member or his representatives and used in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call, and not that a quorum of Directors was present at the meeting of the Board at which any call was made, and nor that the meeting, at which any call was made, has duly been convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

36. Neither 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 thereafter proceeding to enforce a forfeiture of such Shares as hereinafter provided.
- 37.
- i. The Board may, if it thinks fit, agree to and receive from any member willing to advance the same all or any part of the amounts of his respective Shares beyond the sums actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and, at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made, the Board may pay or allow interest at such rate, as the member paying the sum in advance and the Board agrees upon, subject to the provisions of the Act. The Board may agree to repay, at any time, any amount so advanced or may, at any time, repay the same upon giving to the member 3 (Three) months' notice, in writing, provided that moneys paid, in advance of calls, on any Shares may carry interest but shall not confer a right to dividend or to participate in profits.
  - ii. No member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable.

## **LIEN**

- 38.
- i. The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in all respect of such Shares/Debentures. Unless otherwise agreed, the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien, if any, on such Shares/ Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this clause.
  - ii. 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
39. For the purpose of enforcing such lien, the Board may sell the Shares, subject thereto, in such manner, as it shall think fit, and, for that purpose, may cause to be issued a duplicate certificate in respect of such Shares, and may authorize one of their members to execute a transfer thereof, on behalf of and in the name of such manner. No sale shall be made until such period, as aforesaid, shall have arrived and until notice, in writing, of the intention to sell, shall have been served on such member or his representatives and the default, whether express or implied, shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements, for such further days allowed, after the service of such notice, and stated therein.
40. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount, in respect of which the lien exists, as is presently payable, and the residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the persons entitled to the Shares at the date of the sale.

## **FORFEITURE OF SHARES**

41. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the



call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

42. The notice shall name a day, not being less than 14 (Fourteen) days from the date of the notice, and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state, that, in the event of the non-payment at or before the time and at the place appointed, the Shares, in respect of which the call was made or installment is payable, will be liable to be forfeited.
43. If the requirements of any such notice, as aforesaid, shall not be complied with, every or any Share, in respect of which such notice has been given, may, at any time thereafter, before payment of all calls or installments, interest and expenses, as may be due in respect thereof, be forfeited by a resolution of the Board to that effect. Subject to the provisions of the Act, such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited Shares and not actually paid before the forfeiture.
44. When any Share shall have been so forfeited, notice of the forfeiture shall be given to the member, in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture with the date thereof, shall, forthwith, be made in the Register of Members. But no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.
45. Any Share, so forfeited, shall be deemed to be the property of the Company, and may be sold, reallocated or otherwise disposed off, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.
46. Any member, whose Shares have been forfeited, shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand, all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture together with interest thereof, until payment, at such rate, as the Board may determine, and the Board may enforce the payment thereof, if it thinks fit.
47. The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interests in and all claims and demands against the Company, in respect of such Share and all other rights, incidental to the Share, except only such of those rights as by these presents are expressly saved.
48. A declaration, in writing, that the declarant is a director or Secretary of the Company and that a Share in the Company has duly been forfeited in accordance with these Articles, on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares.
49. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold, and cause the purchaser's name to be entered in the Register, in respect of the Shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and, after his name has been entered in the Register, in respect of such Shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and exclusively against the Company and no one else.
50. Upon any sale, reallocation or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued, in respect of the relative Shares, shall, unless the same shall, on demand by the Company, have been previously surrendered to it by the defaulting member, stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates, in respect of the said Shares, to the person or persons entitled thereto.

## **TRANSFER AND TRANSMISSION OF SHARES**

51. The Company shall keep the "Register of Transfers" and therein shall fairly and distinctly enter particulars of every transfer or transmission of any Share.
52. No transfer shall be registered unless a proper instrument of transfer has been delivered to the Company. Every instrument of transfer shall be duly stamped, under the relevant provisions of the Law, for the time being, in force, and shall be signed by or on behalf of the transferor and the transferee, and in the case of a Share held by



two or more holders or to be transferred to the joint names of two or more transferees by all such joint holders or by all such joint transferees, as the case may be, and the transferor or the transferors, as the case may be, shall be deemed to remain the holder or holders of such Share, until the name or names of the transferee or the transferees, as the case may be, is or are entered in the Register of Members in respect thereof. Several executors or administrators of a deceased member, proposing to transfer the Share registered in the name of such deceased member, or the nominee or nominees earlier appointed by the said deceased holder of Shares, in pursuance of the Article 73, shall also sign the instrument of transfer in respect of the Share, as if they were the joint holders of the Share.

53. Shares in the Company may be transferred by an instrument, in writing, in the form, as shall, from time to time, be approved by the Directors provided that, if so required by the provisions of the Act, such instrument of Transfer shall be in the form prescribed thereunder and shall be duly stamped and delivered to the Company within the prescribed period. All the provisions of Section 56 of the Act, 2013 shall be duly complied with in respect of all transfers of Shares and registration thereof.
54. The Board shall have power, on giving 7 (Seven) days' previous notice, by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is, for the time being, situated, to close the transfer books, the Register of Members of Register of Debenture holders, at such time or times and for such periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year, as it may seem expedient.
55. Subject to the provisions of Section 58 and 59 of the Companies Act 2013, these Articles Section 22A of the Securities Contract (Regulation) Act, 1956 and any other applicable provisions of the Act or any other law for the time being in force, the Board may, refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member in, or Debentures of the Company, the Board shall within one month from the date on which the instrument of transfer, or the intimation of such transmission as the case may be, was delivered to the Company, send to the transferee and transferor or to the person giving intimation of such transmission, as the case may be, notice of the refusal to register such transfer, giving reasons for such refusal provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.
56. Transfer of Shares/ Debentures in whatever lot shall not be refused. However, the Board may refuse to register transfer when the Company has a lien on such Shares.
57. An application for the registration of a transfer of Shares in the Company may be made either by the transferor or the transferee. Where such application is made by a transferor and relates to partly paid Shares, the Company shall give notice of the application to the transferee. The transferee may, within two weeks from the date of the receipt of the notice and not later, object to the proposed transfer. The notice to the transferee shall be deemed to have been duly given, if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time when it would have been delivered in the ordinary course of post.
58. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any Share, the survivor or survivors shall be the only persons recognized by the Company as having any title to or interest in such Share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on Shares held by him jointly with any other person.
59. Subject to the provisions of Article 72 hereunder, the executors or administrators or holders of a such Succession Certificate or the legal representative of a deceased member, not being one of two or more joint holders, shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such member, and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives, unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that, in cases, the Board may dispense with production of probate or letters of Administration or Succession Certificate upon such terms as to indemnify or otherwise, as the Board, in its absolute discretion, may think necessary, in the circumstances thereof, and, in pursuance of the Article 61 hereunder, register the name of any person, who claims to be absolutely entitled to the Shares standing in the name of a deceased member, as a member.



60. No Share shall, in any circumstances, be transferred to any infant, insolvent or person of unsound mind, and that no Share, partly paid up, be issued, allotted or transferred to any minor, whether alone or along with other transferees or allottees, as the case may be.
61. So long as the director having unlimited liability has not discharged all liabilities, whether present or future, in respect of the period for which he is and continues to be, so long, liable, he shall not be entitled to transfer the Shares held by him or cease to be a member of the Stock Exchange(s) to the end and intent that he shall continue to hold such minimum number of Shares as were held by him prior to his becoming a director with unlimited liability.
62. Subject to the provisions of Articles 57, 58 and 72 hereof, any person becoming entitled to Shares in consequences of the death, lunacy, bankruptcy or insolvency or any member, or the marriage of any female member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Board, which it shall not be under any obligation to give, upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or of his title, as the Board thinks sufficient, either be registered himself as the holder of the Share or elect to have some person, nominated by him and approved by the Board, registered as such person, provided, nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing in favor of his nominee an instrument of transfer in accordance with the provisions herein to in these Articles as “The Transmission Article”.
63. Subject to the provisions of the Act, a person entitled to a Share by transmission shall, subject to the right of the Directors to retain such dividend or money as hereinafter provided, be entitled to receive and may be given a discharge for, any dividends or other moneys payable in respect of the Share.
64. No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar document.
65. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of Shares made or purporting to be made by any apparent legal owner thereof, as shown or appearing in the Register of Members, to the prejudice of persons having or claiming any equitable right, title or interest to or in the said Shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting of such transfer, and may have entered such notice, referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.
- 65A. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its Securities and to offer Securities in a dematerialized form pursuant to the Depositories Act, 1996.
- 65B. 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 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, issued to the beneficial owner the required Certificates for the Securities. If a person opts to hold its Security with a Depository, the Company shall intimate such Depository the details of allotment of the Security.
- 64C. All Securities of the Company held by the Depository shall be dematerialized and be in fungible form. Nothing contained in Sections 89 and 186 of the Act 2013 shall apply to a Depository in respect of the Securities of the Company held by it on behalf of the beneficial owners.
- 64D.
- (i) 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.



- (ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding Securities of the Company and whose name is entered as the beneficial owner in the record 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.

## **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

- 66.** The Company, by resolution in general meeting, may convert any paid up Shares into stock, or may, at any time, reconvert any stock into paid up Shares of any denomination. When any Shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interests therein, or any part of such interest, in the same manner and, subject to the same regulations as to which Shares in the Company may be transferred or as near thereto as circumstances will admit. But the Directors may, from time to time, if they think fit, fix the minimum amount of stock transferable, and restrict or forbid the transfer of fractions of that minimum, but with full power nevertheless, at their discretion, to waive such rules in any particular case. The notice of such conversion of Shares into stock or reconversion of stock into Shares shall be filed with the Registrar of Companies as provided in the Act.
- 67.** The Stock shall confer on the holders thereof respectively the same privileges and advantages, as regards participation in profits and voting at meetings of the Company and, for other purposes, as would have been conferred by Shares of equal amount in the capital of the Company of the same class as the Shares from which such stock was converted but no such privilege or advantage, except the participation in profits of the Company, or in the assets of the Company on a winding up, shall be conferred by any such aliquot part or, consolidated stock as would not, if existing in Shares, have conferred such privileges or advantages. No such conversion shall affect or prejudice any preference or other special privilege attached to the Shares so converted. Save as aforesaid, all the provisions herein contained shall, so far as circumstances will admit, apply to stock as well as to Shares and the words "Share" and "Shareholder" in these presents shall include "stock" and "stock-holder".
- 68.** The Company may issue Share warrants in the manner provided by the said Act and accordingly the Directors may, in their discretion, with respect to any fully paid up Share or stock, on application, in writing, signed by the person or all persons registered as holder or holders of the Share or stock, and authenticated by such evidence, if any, as the Directors may, from time to time, require as to the identity of the person or persons signing the application, and on receiving the certificate, if any, of the Share or stock and the amount of the stamp duty on the warrant and such fee as the Directors may, from time to time, prescribe, issue, under the Seal of the Company, a warrant, duly stamped, stating that the bearer of the warrant is entitled to the Shares or stock therein specified, and may provide by coupons or otherwise for the payment of future dividends, or other moneys, on the Shares or stock included in the warrant. On the issue of a Share warrant the names of the persons then entered in the Register of Members as the holder of the Shares or stock specified in the warrant shall be struck off the Register of Members and the following particulars shall be entered therein.
- (i) fact of the issue of the warrant.
  - (ii) a statement of the Shares or stock included in the warrant distinguishing each Share by its number, and
  - (iii) the date of the issue of the warrant.
- 69.** A Share warrant shall entitle the bearer to the Shares or stock included in it, and, notwithstanding anything contained in these articles, the Shares or stock shall be transferred by the delivery of the Share-warrant, and the provisions of the regulations of the Company with respect to transfer and transmission of Shares shall not apply thereto.
- 70.** The bearer of a Share-warrant shall, on surrender of the warrant to the Company for cancellation, and on payment of such fees, as the Directors may, from time to time, prescribe, be entitled, subject to the discretion of the Directors, to have his name entered as a member in the Register of Members in respect of the Shares or stock included in the warrant.





71. The bearer of a Share-warrant shall not be considered to be a member of the Company and accordingly save as herein otherwise expressly provided, no person shall, as the bearer of Share-warrant, sign a requisition for calling a meeting of the Company, or attend or vote or exercise any other privileges of a member at a meeting of the Company, or be entitled to receive any notice from the Company of meetings or otherwise, or qualified in respect of the Shares or stock specified in the warrant for being a director of the Company, or have or exercise any other rights of a member of the Company.
72. The Directors may, from time to time, make rules as to the terms on which, if they shall think fit, a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss, or destruction.

#### **NOMINATION BY SECURITY HOLDER**

- (i) Every holder of Securities in the Company may, at any time, nominate, in the prescribed manner, a person to whom his Securities in the Company, shall vest in the event of his death.
  - (ii) Where the Securities in the Company are held by more than one person jointly, the joint-holders may together nominate, in the prescribed manner, a person to whom all the rights in the Securities in the Company shall vest in the event of death of all joint holders.
  - (iii) Notwithstanding anything contained in these Articles or any other law, for the time being, in force, or in any disposition, whether testamentary or otherwise, in respect of such Securities in the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the Securities in the Company, the nominee shall, on the death of the Shareholders of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Securities of the Company or, as the case may be, all the joint holders, in relation to such securities in the Company, to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
  - (iv) In the case of fully paid up Securities in the Company, where the nominee is a minor, it shall be lawful for the holder of the Securities, to make the nomination to appoint in the prescribed manner any person, being a guardian, to become entitled to Securities in the Company, in the event of his death, during the minority.
- 73.
- (i) Any person who becomes a nominee by virtue of the provisions of the preceding Article, upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
    - (a) to be registered himself as holder of the Share(s); or
    - (b) to make such transfer of the Share(s) as the deceased Shareholder could have made.
  - (ii) If the person being a nominee, so becoming entitled, elects to be registered as holder of the Share(s), himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder.
  - (iii) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfers of Securities shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer has been signed by that Shareholder.
  - (iv) A person, being a nominee, becoming entitled to a Share by reason of the death of the holder, shall be entitled to the same dividends and other advantages which he would be entitled if he were the registered holder of the Share except that he shall not, before being registered a member in respect of his Share be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share(s) and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Share(s) or until the requirements of the notice have been complied with.





## MEETING OF MEMBERS

74.

- (i) The Company shall, in each year, hold a general meeting as its Annual General Meeting. Any meeting, other than Annual General Meeting, shall be called Extra-ordinary General Meeting.
- (ii) Not more than 15 (Fifteen) months or such other period, as may be prescribed, from time to time, under the Act, shall lapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of the Act to extend time within which any Annual General Meeting may be held.
- (iii) Every Annual General Meeting shall be called for a time during business hours i.e., between 9 a.m. and 6 p.m., on a day that is not a National Holiday, and shall be held at the Office of the Company or at some other place within the city, in which the Office of the Company is situated, as the Board may think fit and determine and the notices calling the Meeting shall specify it as the Annual General Meeting.
- (iv) Every member of the Company shall be entitled to attend, either in person or by proxy, and by way of a postal ballot whenever and in the manner as may permitted or prescribed under the provisions of the Act, and the Auditors to the Company, who shall have a right to attend and to be heard, at any general meeting which he attends, on any part of the business, which concerns him as the Auditors to the Company, further, the Directors, for the time being, of the Company shall have a right to attend and to be heard, at any general meeting, on any part of the business, which concerns them as the Directors of the Company or generally the management of the Company.
- (v) At every Annual General Meeting of the Company, there shall be laid, on the table, the Directors' Report and Audited Statements of Account, Auditors' Report, the proxy Register with forms of proxies, as received by the Company, and the Register of Directors' Share holdings, which Register shall remain open and accessible during the continuance of the meeting, and therefore in terms of the provisions of Section 96 of the Act, the Annual General Meeting shall be held within six months after the expiry of such financial year. The Board of Directors shall prepare the Annual List of Members, Summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with the applicable provisions of the Act.

75. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting and it shall do so upon a requisition, in writing, by any member or members holding, in aggregate not less than one-tenth or such other proportion or value, as may be prescribed, from time to time, under the Act, of such of the paid-up capital as at that date carries the right of voting in regard to the matter, in respect of which the requisition has been made.

76. Any valid requisition so made by the members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the office, provided that such requisition may consist of several documents, in like form, each of which has been signed by one or more requisitionists.

77. Upon receipt of any such requisition, the Board shall forthwith call an Extra-ordinary General Meeting and if they do not proceed within 21 (Twenty-one) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of the requisition, being deposited at the office, to cause a meeting to be called on a day not later than 45 (Forty-five) days or such other lessor period, as may be prescribed, from time to time, under the Act, from the date of deposit of the requisition, the requisitionists, or such of their number as represent either a majority in value of the paid up Share capital held by all of them or not less than one-tenth of such of the paid up Share Capital of the Company as is referred to in Section 100(4) of the Act, whichever is less, may themselves call the meeting, but, in either case, any meeting so called shall be held within 3 (Three) months or such other period, as may be prescribed, from time to time, under the Act, from the date of the delivery of the requisition as aforesaid.

78. Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible as that in which such meetings are to be called by the Board.

79. At least 21 (Twenty-one) days' notice, of every general meeting, Annual or Extra-ordinary, and by whomsoever called, specifying the day, date, place and hour of meeting, and the general nature of the business to be transacted there at, shall be given in the manner hereinafter provided, to such persons as are under these Articles



entitled to receive notice from the Company, provided that in the case of an General Meeting, with the consent of members holding not less than 95 per cent of such part of the paid up Share Capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting of the Shareholders of the Company, if any business other than

- (i) the consideration of the Accounts, Balance Sheet and Reports of the Board and the Auditors thereon
- (ii) the declaration of dividend,
- (iii) appointment of directors in place of those retiring,
- (iv) the appointment of, and fixing the remuneration of, the Auditors,

is to be transacted, and in the case of any other meeting, in respect of any item of business, a statement setting out all material facts concerning each such item of business, including, in particular, the nature and extent of the interest, if any, therein of every director and manager, if any, where any such item of special business relates to, or affects any other company, the extent of shareholding interest in that other company or every director and manager, if any, of the Company shall also be set out in the statement if the extent of such Share-holding interest is not less than such percent, as may be prescribed, from time to time, under the Act, of the paid-up Share Capital of that other Company.

Where any item of business consists of the according of approval of the members to any document at the meeting, the time and place, where such document can be inspected, shall be specified in the statement aforesaid.

- 80.** The accidental omission to give any such notice as aforesaid to any of the members, or the non-receipt thereof shall not invalidate any resolution passed at any such meeting.
- 81.** No general meeting, whether Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices upon which it was convened.
- 82.** Subject to the provisions of the Act and these Articles, five(5) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is not more than One Thousand; Fifteen (15) shareholders shall constitute quorum in Shareholder's Meetings of the Company if number of shareholders as on date of meeting is more than One Thousand but not more than Five Thousand; Thirty (30) shareholders shall constitute quorum in Shareholders' Meetings of the Company if number of shareholders as on date of meeting exceeds five thousand.
- 83.** A body corporate, being a member, shall be deemed to be personally present, if it is represented in accordance with and in the manner as may be prescribed by, the applicable provisions of the Act.
- 84.** If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, then the meeting, if convened by or upon the requisition of members, shall stand dissolved, but in any other case, it shall stand adjourned to such time on the following day or such other day and to such place, as the Board may determine, and, if no such time and place be determined, to the same day in the next week, at the same time and place in the city or town in which the office of the Company is, for the time being, situate, as the Board may determine, and, if at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.
- 85.** The Chairman of the Board of Directors shall be entitled to take the chair at every general meeting, whether Annual or Extra-ordinary. If there be no such Chairman, or, if, at any meeting, he shall not be present within 15 (Fifteen) minutes of the time appointed for holding such meeting, then the members present shall elect another director as the Chairman of that meeting, and, if no director be present, or if all the Directors present decline to take the Chair, then the members present shall elect one among them to be the Chairman.
- 86.** No business shall be discussed at any general meeting, except the election of a Chairman, whilst the Chair is vacant.



87. The Chairman, with the consent of the meeting, may adjourn any meeting, from time to time, and from place to place, in the city or town, in which the office of the Company is, for the time being, situate, but no business shall be transacted at any adjourned meeting, other than the business left unfinished, at the meeting, from which the adjournment took place.
88. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is demanded, before or on the declaration of the result of the show of hands, 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 or such other proportion as may statutorily be prescribed, from time to time, under the Act, of the total voting power, in respect of the resolution or on which an aggregate sum of not less than ₹ 500,000/- or such other sum as may statutorily be prescribed, from time to time, under the Act, has been paid up, and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried unanimously or by a particular majority, or has been lost and an entry to that effect in the minutes book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.
89. In the case of an equality of votes, the Chairman shall, both on a show of hands and at a poll, if any, have a casting vote in addition to the vote of votes, if any, to which he may be entitled as a member if he is.
90. If a poll is demanded as aforesaid, the same shall, subject to Article 93 hereinafter, be taken at Mumbai or, if not desired, then at such other place as may be decided by the Board, at such time not later than 48 (Forty-eight) hours from the time when the demand was made and place in the city or town in which the office of the Company is, for the time being, situate, and, either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the persons, who made the demand.
91. Where a poll is to be taken, the Chairman of the meeting shall appoint one or, at his discretion, two scrutineers, who may or may not be members of the Company to scrutinise the votes given on the poll and to report thereon to him, subject to that one of the scrutineers so appointed shall always be a member, not being an officer or employee of the Company, present at the meeting, provided that such a member is available and willing to be appointed. The Chairman shall have power, at any time, before the result of the poll is declared, to remove a scrutineer from office and fill the vacancy so caused in the office of a scrutineer arising from such removal or from any other cause.
92. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment of the meeting shall be taken forthwith at the same meeting.
93. The demand for a poll, except on questions of the election of the Chairman and of an adjournment thereof, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

## **VOTES OF MEMBERS**

94. No member shall be entitled to vote either personally or by proxy at any general meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, or has exercised, any right of lien.
95. Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions so to voting, for the time being, attached to any class of Shares, for the time being, forming part of the capital of the Company, every member, not disqualified by the last preceding Article shall be entitled to be present, speak and vote at such meeting, and, on a show of hands, every member, present in person, shall have one vote and, upon a poll, the voting right of every member present in person or by proxy shall be in proportion to his Share of the paid-up Equity Share Capital of the Company. Provided, however, if any preference Shareholder be present at any meeting of the Company, subject to the provision of section 47, he shall have a right to vote only on resolutions, placed before the meeting, which directly affect the rights attached to his Preference Shares.



96. On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes, he uses.
97. A member of unsound mind or in respect of whom an order has been made by a 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. If any member be a minor, the vote, in respect of his Share or Shares, be used by his guardian, or any one of his guardians, if more than one, to be selected, in the case of dispute, by the Chairman of the meeting.
98. If there be joint registered holders of any Shares, any one of such persons may vote at any meeting or may appoint another person, whether a member or not, as his proxy, in respect of such Shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint holders be present at any meeting, then one of the said persons so present, whose name stands higher on the Register, shall alone be entitled to speak and to vote in respect of such Shares, but the other of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name Shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.
99. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate, being a member, may vote either by a proxy or by a representative, duly authorised, in accordance with the applicable provisions, if any, of the Act, and such representative shall be entitled to exercise the same rights and powers, including the right to vote by proxy, on behalf of the body corporate, which he represents, as that body corporate could exercise, if it were an individual member.
100. Any person entitled, under the Article 61 hereinabove, to transfer any Share, may vote, at any general meeting, in respect thereof, in the same manner, as if he were the registered holder of such Shares provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such Shares and give such indemnity, if any, as the Directors may require or the Directors shall have provisionally admitted his right to vote at such meeting in respect thereof.
101. Every proxy, whether a member or not, shall be appointed, in writing, under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporate, or be signed by an officer or officers or any attorney duly authorised by it or them, and, for a member of unsound mind or in respect of whom an order has been made by a court having jurisdiction in lunacy, any committee or guardian may appoint such proxy. The proxy so appointed shall not have a right to speak on any matter at the meeting.
102. An instrument of Proxy may state the appointment of a proxy either for the purpose of a particular meeting specified in the instrument and any adjournment thereof or it may appoint for the purpose of every meeting of the Company or of every meeting to be held before a date specified in the instrument and every adjournment of any such meeting.
103. A member, present by proxy, shall be entitled to vote only on a poll.
104. The instrument appointing a proxy and a Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Office not later than 48 (Forty-eight) hours before the time for holding the meeting at which the person named in the Instrument proposes to vote, and, in default, the Instrument of Proxy shall not be treated as valid. No instrument appointing a proxy shall be a valid after the expiration of 12 (Twelve) months or such other period as may be prescribed under the Laws, for the time being, in force, or if there shall be no law, then as may be decided by the Directors, from the date of its execution.
105. Every Instrument of proxy, whether for a specified meeting or otherwise, shall, as nearly as circumstances thereto will admit, be in any of the forms as may be prescribed from time to time .
106. A vote, given in accordance with the terms of an Instrument of Proxy, shall be valid notwithstanding the previous death of insanity of the principal, or revocation of the proxy or of any power of Attorney under which such proxy was signed or the transfer of the Share in respect of which the vote is given, provided that no



intimation, in writing, of the death or insanity, revocation or transfer shall have been received at the Office before the meeting.

- 107.** No objections shall be made to the validity of any vote, except at any meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, or not disallowed at such meeting or on a poll, shall be deemed as valid for all purposes of such meeting or a poll whatsoever.
- 108.** The Chairman, present at the time of taking of a poll, shall be the sole judge of the validity of every vote tendered at such poll.
- 109.**
- (i) The Company shall cause minutes of all proceeding of every general meeting to be kept by making, within 30 (Thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.
  - (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 book shall be dated and signed by the Chairman of the same 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 that purpose.
  - (iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
  - (iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings there at.
  - (v) All appointments made at any meeting aforesaid shall be included in the minutes of the meeting.
  - (vi) Nothing herein contained shall require or to be deemed to require the inclusion, in any such minutes, of any matter, which, in the opinion of the Chairman of the meeting, (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.
  - (vii) Any such minutes shall be conclusive evidence of the proceedings recorded therein.
  - (viii) The book containing the minutes of proceedings of general meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than 2 (Two) hours, in each day, as the Directors determine, to the inspection of any member without charge.

## **DIRECTORS**

- 110.** Until otherwise determined by a general meeting of the Company and, subject to the applicable provisions of the Act, the number of Directors) shall not be less than three nor more than fifteen.

The First Directors of the Company are:

- 1. Mr. Mangesh Ramesh Chauhan**
- 2. Mr. Darshan Ramesh Chauhan**
- 3. Mr. Mahendra Champalal Chauhan**

**111.**

- (i) Whenever, Directors enter into a contract with any Government, whether central, state or local, bank or financial institution or any person or persons (hereinafter referred to as “the appointer”) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for underwriting or enter into any other arrangement whatsoever or in case of Promoters of the Company (hereinafter referred as “Promoters”), the Directors shall have, subject to the provisions of Section 152 and





other applicable provisions, if any, of the Act, the power to agree that such appointer or Promoters shall have the right to appoint or nominate by a notice, in writing, addressed to the Company, one or more Directors on the Board (hereinafter referred to as “Special Director”) for such period and upon such terms and conditions, as may be mentioned in the agreement if any, and that such Director or Directors may or may not be liable to retire by rotation, nor be required to hold any qualification Shares. The Directors may also agree that any such Director or Directors may be removed, from time to time, by the appointer or Promoter, entitled to appoint or nominate them and the appointer or Promoter may appoint another or others in his or their place and also fill in vacancy, which may occur as a result of any such director or directors ceasing to hold that office for any reasons whatsoever. The Directors, appointed or nominated under this Article, shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the directors of the Company including payment of remuneration, sitting fees and travelling expenses to such director or directors, as may be agreed by the Company with the appointer.

- (ii) The Special Directors, appointed under the preceding Article, shall be entitled to hold Office until required by the Government, person, firm, body corporate promoters or financial institution/s who may have appointed them. A Special Director shall not be required to hold any qualification Share(s) in the Company. As and when a Special Director vacates Office, whether upon request as aforesaid or by death, resignation or otherwise, the Government, person, firm or body corporate promoters or financial institution, who appointed such Special Director, may appoint another director in his place. Every nomination, appointment or removal of a Special Director or other notification, under this Article, shall be in writing and shall, in the case of the Government, be under the hand of a Secretary or some other responsible and authorized official to such Government, and in the case of a company or financial institution, under the hand of director of such company or institution duly authorized in that behalf by a resolution of the Board of Directors. Subject as aforesaid, a Special Director shall be entitled to the same rights and privileges and be subject to the same of obligations as any other director of the Company.
- 112.** If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any person or persons shall have power to nominate a director of the Company, then in the case of any and every such issue of Debentures, the person or persons having such power may exercise such power, from time to time, and appoint a director accordingly. Any director so appointed is hereinafter referred to as “the Debenture Director”. A Debenture Director may be removed from Office, at any time, by the person or persons in whom, for the time being, is vested the power, under which he was appointed, and another director may be appointed in his place. A Debenture Director shall not be required to hold any qualification Share(s) in the Company.
- 113.** Subject to the provisions of section 161(2) of the Act, 2013, The Board may appoint an alternate director to act for a director (hereinafter called “the Original Director”) during his absence for a period of not less than 3 (Three) months or such other period as may be, from time to time, prescribed under the Act, from the India, in which the meetings of Board are ordinarily held. An alternate director appointed, under this Article, shall not hold Office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate Office, if and when the Original Director returns to that State. If the term of Office of the Original Director is determined before he so returns to that State, any provisions in the Act or in these Articles for the automatic re-appointment of a retiring director, in default of another appointment, shall apply to the original director and not to the alternate director.
- 114.** Subject to the provisions of section 161(1) of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not, at any time, exceed the maximum fixed under these Articles. Any such Additional Director shall hold Office only upto the date of the next Annual General Meeting.
- 115.** Subject to the provisions of section 152 and 162 of the Act, 2013, the Board shall have power, at any time and from time to time, to appoint any other qualified person to be a director to fill a casual vacancy. Any person so appointed shall hold Office only upto the date, upto which the director in whose place he is appointed would have held Office if it had not been vacated by him.
- 116.** A director shall not be required to hold any qualification Share(s) in the Company.





**117.**

- (i) Subject to the provisions of section 196, 197 and read with schedule V of the Companies Act, 2013, a Managing Director or Director who is in the Whole-time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, or in any other manner, as may be, from time to time, permitted under the Act or as may be thought fit and proper by the Board or, if prescribed under the Act, by the Company in general meeting.
- (ii) Subject generally to the provisions of the Act, and, in the case of the Managing Director, subject to the provisions of the Articles herein below, as may be applicable, the Board shall have power to pay such remuneration to a director for his services, Whole-time or otherwise, rendered to the Company or for services of professional or other nature rendered by him, as may be determined by the Board. If any director, being willing, shall be called upon to perform extra services or make any special exception in going to or residing at a place other than the place where the director usually resides, or otherwise in or for the Company's business or for any of the purpose of the Company, then, subject to the provisions of the Act, the Board shall have power to pay to such director such remuneration, as may be determined by the Board.
- (iii) Subject to the provisions of the Act, a director, who is neither in the Whole-time employment nor a Managing Director, may be paid remuneration either;
  - a) by way of monthly, quarterly or annual payment with the approval of the Central Government; or
  - b) by way of commission, if the Company, by a special resolution, authorizes such payment.
- (iv) The fee payable to a director, excluding a Managing or Whole time Director, if any, for attending a meeting of the Board or Committee thereof shall be such sum, as the Board may, from time to time, determine, but within and subject to the limit prescribed by the Central Government pursuant to the provisions, for the time being, under the Act.

**118.** The Board may allow and pay to any director such sum, as the Board may consider fair compensation, for travelling, boarding, lodging and other expenses, in addition to his fee for attending such meeting as above specified and if any director be called upon to go or reside out of the ordinary place of his residence for the Company's business, he shall be entitled to be repaid and reimbursed of any travelling or other expenses incurred in connection with business of the Company. The Board may also permit the use of the Company's car or other vehicle, telephone(s) or any such other facility, by the director, only for the business of the Company.

**119.** The continuing Directors may act, notwithstanding, any vacancy in their body but if, and so long as their number is not reduced below the minimum number fixed by Article 111 hereof. the continuing Directors, not being less than two, may only act, for the purpose of increasing the number of Directors to that prescribed minimum number or of summoning a general meeting but for no other purpose.

**120.** The office of director shall be vacated, pursuant to the provisions of section 164 and section 167 of the Companies Act, 2013. Further, the Director may resign his office by giving notice to the Company pursuant to section 168 of the Companies Act, 2013

**121.** The Company shall keep a Register, in accordance with Section 189(1) of the Act, and within the time as may be prescribed, enter therein such of the particulars, as may be relevant having regard to the application thereto of Section 184 or Section 188 of the Act, as the case may be. The Register aforesaid shall also specify, in relation to each director of the Company, names of the bodies corporate and firms of which notice has been given by him, under the preceding two Articles. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and the extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 189(3) of the Act shall apply accordingly.

**122.** A director may be or become a director of any other Company promoted by the Company or in which it may be interested as a vendor, Shareholder or otherwise, and no such director shall be accountable for any benefits received as director or Shareholder of such Company except in so far as the provisions of the Act may be applicable



- (i) At every Annual General Meeting of the Company, one-third of such of the Directors, for the time being, as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from Office. The Independent, Nominee, Special and Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken into account in determining the rotation of retirement or the number of directors to retire, subject to Section 152 and other applicable provisions, if any, of the Act.
  - (ii) Subject to Section 152 of the Act, the directors, liable to retire by rotation, at every annual general meeting, shall be those, who have been longest in Office since their last appointment, but as between the persons, who became Directors on the same day, and those who are liable to retire by rotation, shall, in default of and subject to any agreement among themselves, be determined by lot.
- 123.** A retiring director shall be eligible for re-election and shall act as a director throughout the meeting at which he retires.
- 124.** Subject to Section 152 of the Act, the Company, at the general meeting at which a director retires in manner aforesaid, may fill up the vacated Office by electing a person thereto.
- 125.**
- (i) If the place of retiring director is not so filled up and further the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday, till the next succeeding day, which is not a public holiday, at the same time and place.
  - (ii) If at the adjourned meeting also, the place of the retiring director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring director shall be deemed to have been re-appointed at the adjourned meetings, unless:-
    - a. at that meeting or at the previous meeting, resolution for the re-appointment of such director has been put to the meeting and lost;
    - b. the retiring director has, by a notice, in writing, addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;
    - c. he is not qualified, or is disqualified, for appointment.
    - d. a resolution, whether special or ordinary, is required for the appointment or reappointment by virtue of any provisions of the Act; or
    - e. Section 162 of the Act is applicable to the case.
- 126.** Subject to the provisions of Section 149 of the Act, the Company may, by special resolution, from time to time, increase or reduce the number of directors, and may alter their qualifications and the Company may, subject to the provisions of Section 169 of the Act, remove any director before the expiration of his period of Office and appoint another qualified person in his stead. The person so appointed shall hold Office during such time as the director, in whose place he is appointed, would have held, had he not been removed.
- 127.**
- (i) No person, not being a retiring director, shall be eligible for appointment to the office of director at any general meeting unless he or some member, intending to propose him, has, not less than 14 (Fourteen) days or such other period, as may be prescribed, from time to time, under the Act, before the meeting, left at the Office of the Company, a notice, in writing, under his hand, signifying his candidature for the Office of director or an intention of such member to propose him as a candidate for that office, along with a deposit of Rupees One lakh or such other amount as may be prescribed, from time to time, under the Act., which shall be refunded to such person or, as the case may be, to such member, if the person succeeds in getting elected as a director or gets more than twenty-five per cent of total valid votes cast either on show of hands or on poll on such resolution.
  - (ii) Every person, other than a director retiring by rotation or otherwise or a person who has left at the Office of the Company a notice under Section 160 of the Act signifying his candidature for the Office of a director, proposed as a candidate for the Office of a director shall sign and file with the Company, the consent, in writing, to act as a director, if appointed.



(iii) A person, other than a director re-appointed after retirement by rotation immediately on the expiry of his term of Office, or an Additional or Alternate Director, or a person filling a casual vacancy in the Office of a director under Section 161 of the Act, appointed as a director or reappointed as a director immediately on the expiry of his term of Office, shall not act as a director of the Company, unless he has, within thirty days of his appointment, signed and filed with the Registrar his consent, in writing, to act as such director.

**128.** The Company shall keep at its Office a Register containing the particulars of its directors and key managerial personnel and their shareholding as mentioned in Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.

**129.** Every director and Key Managerial Personnel within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the company the particulars specified in sub-section (1) of section 184 relating to his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association which are required to be included in the register under that section 189 of the Companies Act, 2013.

## **MANAGING DIRECTOR**

**130.**

(i) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint, from time to time, any of its member as a Managing Director or Managing Directors of the Company for a fixed term, not exceeding 5 (Five) years at a time, and upon such terms and conditions as the Board thinks fit, and subject to the provisions of the succeeding Article hereof, the Board may, by resolution, vest in such Managing Director or Managing Directors such of the powers 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 conditions and subject to such restrictions, as it may determine. The remuneration of a Managing Director may be by way of salary and/or allowances, commission or participation in profits or perquisites of any kind, nature or description, or by any or all of these modes, or by any other mode(s) not expressly prohibited by the Act or the Rules made thereunder, or any notification or circular issued under the Act.

(ii) The Board shall have power to appoint an individual as the Chairperson of the Company as well as the Managing Director or Chief Executive Officer of the Company at the same time.

**131.** Subject to the superintendence, directions and control of the Board, the Managing Director or Managing Directors shall exercise the powers, except to the extent mentioned in the matters, in respect of which resolutions are required to be passed only at the meeting of the Board, under Section 179 of the Act and the rules made thereunder

**132.** Subject also to the other applicable provisions, if any, of the Act, the Company shall not appoint or employ, or continue the appointment or employment of, a person as its Managing or Whole-time Director who:-

(i) is below the age of twenty-one years or has attained the age of seventy years

(ii) is an undischarged insolvent, or has any time been adjudged an insolvent;

(iii) suspends, or has at any time suspended, payment to his creditors, or makes or has, at any time, made, a composition with them; or

(iv) is or has, at any time, been convicted by a Court and sentenced for a period of more than six months.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

**133.** Unless decided by the Board to the contrary, depending upon the circumstances of the case, a Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, in accordance with the Article 124 hereof. If he ceases to hold the office of director, he shall ipso-facto and forthwith ceases to hold the office of Managing Director.



134. The Directors may meet together as a Board for the despatch of business, from time to time, and shall so meet at least once in every 3 (Three) months and at least 4 (Four) such meetings shall be held in every year in such a manner that not more than one hundred and twenty days (120) days shall intervene between two consecutive meetings of the Board. The Directors may adjourn and otherwise regulate their meetings as they think fit, subject to the provisions of the Act. The Board of directors may participate in a meeting of the Board either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the directors and of recording and storing the proceedings of such meetings along with date and time subject to the rules as may be prescribed.
135. Not less than seven (7) days Notice of every meeting of the Board may be given, in writing, to every director at his address registered with the company and such notice shall be sent by hand delivery or by post or by electronic means. Subject to the provisions of section 173(3) meeting may be called at shorter notice.
136. Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength, excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two directors, whichever is higher, provided that where, at any time, the number of interested directors exceeds or is equal to two-thirds of the total strength the number of the remaining directors, that is to say, the number of directors who are not interested, present at the meeting, being not less than two, shall be the quorum, during such time.
137. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned for 30 minutes in the same day and at same place.
138. A director may, at any time, or Secretary shall, as and when directed by the any of the Directors to do so, convene a meeting of the Board, by giving a notice, in writing, to every other director.
139. The Board may, from time to time, elect one of their member to be the Chairman of the Board and determine the period for which he is to hold the office. If at any meeting of the Board, the Chairman is not present at a time appointed for holding the same, the directors present shall choose one of them, being present, to be the Chairman of such meeting.
140. Subject to the restrictive provisions of any agreement or understanding as entered into by the Company with any other person(s) such as the collaborators, financial institutions, etc., the questions arising at any meeting of the Board shall be decided by a majority of the votes of the directors present there at and, also subject to the foregoing, in the case of an equality of votes, the Chairman shall have a second or casting vote.
141. A meeting of the Board, at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions, which, by or under the Act or the Articles of the Company, are, for the time being, vested in or exercisable by the Board generally.
142. Subject to the restrictions contained in Section 179 of the Act 2013 and the rules made thereunder, the Board may delegate any of their powers to the committee of the Board, consisting of such number of its body, as it thinks fit, and it may, from time to time, revoke and discharge any such committee of the Board, either wholly or in part and either as to persons or purposes, but every committee of the Board, so formed, shall, in the exercise of the powers so delegated, conform to any regulations that may, from time to time, be imposed on it by the Board. All acts done by any such committee of the Board, in conformity with such regulations, and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if were done by the Board.
143. The meetings and proceedings of any meeting of such Committee of the Board, consisting of two or more members, shall be governed by the provisions contained herein for regulating the meetings and proceedings of the meetings of the directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.
144. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the directors or to all the members of the Committee, then in India, not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be, and to all the directors or to all the members of the Committee,



at their usual addresses in India and has been approved, in writing, by such of the directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution.

**145.** All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a director shall notwithstanding that it shall, afterwards, be discovered that there was some defect in the appointment of such director or persons acting as aforesaid or that they or any of them were or was, as the case may be, disqualified or had vacated office or that the appointment of any of them was disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had duly been appointed and was qualified to be a director and had not vacated his office or his appointed had not been terminated, provided that nothing in this Article shall be deemed to give validity to any act or acts done by a director or directors after his or their appointment(s) has or have been shown to the Company to be invalid or to have terminated.

**146.**

- (i) The Company shall cause minutes of all proceedings of every meeting of the Board and the Committee thereof to be kept by making, within 30 (Thirty) days of the conclusion of each such meeting, entries thereof in books kept, whether manually in the registers or by way of loose leaves bound together, as may be decided by the Board of Directors, for that purpose with their pages consecutively numbered.
- (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 book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (iii) In no case, the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (iv) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (v) All appointment made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- (vi) The minutes shall also contain :-
  - (a) the names of the Directors present at the meeting; and
  - (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.
- (vii) Nothing contained in sub-clauses (i) to (vii) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting –
  - (a) is, or could reasonably be regarded as, defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interests of the Company;.

and that the Chairman shall exercise an absolute discretion with regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in this sub-clause.

- (viii) Minutes of the meetings kept in accordance with the aforesaid provisions shall be an evidence of the proceedings recorded therein.

**147.** Without prejudice to the general powers as well as those under the Act, and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles or otherwise, it is hereby declared that the Directors shall have, inter alia, the following powers, that is to say, power -

- (i) to pay the costs, charges and expenses, preliminary and incidental to the promotion, formation, establishment and registration of the Company;



- (ii) to pay and charge, to the account of the Company, any commission or interest lawfully payable thereon under the provision of the Act;
- (iii) subject to the provisions of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit and being in the interests of the Company, and in any such purchase or other acquisition to accept such title or to obtain such right as the directors may believe or may be advised to be reasonably satisfactory;
- (iv) at their discretion and subject to the provisions of the Act, to pay for any property, right or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in Shares, Bonds, Debentures, mortgages, or other securities of the Company, and any such Shares may be issued either as fully paid up, with such amount credited as paid up thereon, as may be agreed upon, and any such bonds, Debentures, mortgages or other securities may either be specifically charged upon all or any part of the properties of the Company and its uncalled capital or not so charged;
- (v) to secure the fulfilment of any contracts or engagement entered into by the Company or, in the interests or for the purposes of this Company, by, with or against any other Company, firm or person, by mortgage or charge of all or any of the properties of the Company and its uncalled capital, for the time being, or in such manner and to such extent as they may think fit;
- (vi) to accept from any member, as far as may be permissible by law, a surrender of his Shares or any part thereof, whether under buy-back or otherwise, on such terms and conditions as shall be agreed mutually, and as may be permitted, from time to time, under the Act or any other Law or the Regulations, for the time being, in force,
- (vii) to appoint any person to accept and hold in trust, for the Company, any property belonging to the Company, in which it is interested, or for any other purposes, and execute and do all such deeds and things as may be required in relation to any trust, and to provide for the remuneration of such trustee or trustees;
- (viii) 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 to compound and allow time for payment or satisfaction of any debts, due and of any differences to arbitration and observe and perform any awards made thereon;
- (ix) to act on behalf of the Company in all matters relating to bankruptcy and insolvents;
- (x) to make and give receipts, releases and other discharges for moneys payable to the Company and for the claims and demands of the Company;
- (xi) subject to the applicable provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security, not being Shares of this Company, or without security and in such manner, as they may think fit, and from time to time, to vary or realise such investments, save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name;
- (xii) to execute, in the name and on behalf of the Company, in favour of any director or other person, who may incur or be about to incur any personal liability whether as principal or surety, for the benefit or purposes of the Company, such mortgages of the Company's property, present and future, as they may think fit, and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon;
- (xiii) to determine from time to time, who shall be entitled to sign, on behalf of the Company, bills, invoices, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and or any other document or documents and to give the necessary authority for such purpose, and further to operate the banking or any other kinds of accounts, maintained in the name of and for the business of the Company;





- (xiv) to distribute, by way of bonus, incentive or otherwise, amongst the employees of the Company, a Share or Shares in the profits of the Company, and to give to any staff, officer or others employed by the Company a commission on the profits of any particular business or transaction, and to charge any such bonus, incentive or commission paid by the Company as a part of the operational expenditure of the Company;
- (xv) to provide for the welfare of directors or ex-directors, Shareholders, for the time being, or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses or dwellings, or grants of moneys, whether as a gift or otherwise, pension, gratuities, allowances, bonus, loyalty bonuses or other payments, also whether by way of monetary payments or otherwise, or by creating and from time to time, subscribing or contributing to provident and other association, institutions, funds or trusts and by providing or subscribing or contributing towards places of worship, instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance, as the Board shall think fit, and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or objects, which shall have any moral or other claim to support or aid by the Company, either by reason of locality or place of operations, or of public and general utility or otherwise;
- (xvi) before recommending any dividend, to set aside out of the profits of the Company such sums, as the Board may think proper, for depreciation or to a Depreciation Fund, or to an Insurance Fund, a Reserve Fund, Capital Redemption Fund, Dividend Equalisation Fund, Sinking Fund or any Special Fund to meet contingencies or to repay debentures or debenture-stock, or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes, including the purposes referred to in the preceding clause, as the Board may, in their absolute discretion, think conducive to the interests of the Company and, subject to the provisions of the Act, to invest the several sums so set aside or so much thereof, as required to be invested, upon such investments, other than shares of the Company, as they may think fit, and from time to time, to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes, as the Board, in their absolute discretion, think conducive to the interests of the Company, notwithstanding, that the matter, to which the Board apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended, and to divide the Reserve Fund into such special funds, as the Board may think fit, with full power to transfer the whole or any portion of a Reserve Fund or divisions of a Reserve Fund and with full powers to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase of or repayment of debentures or debenture stock and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with power however to the Board at their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper, subject to the provisions of the applicable laws, for the time being, in force.
- (xvii) to appoint and at their discretion, remove or suspend such general managers, secretaries, assistants, supervisors, clerks, agents and servants or other employees, in or for permanent, temporary or special services, as they may, from time to time, think fit, and to determine their powers and duties and to fix their salaries, emoluments or remuneration of such amount, as they may think fit.
- (xviii) to comply with the requirements of any local laws, Rules or Regulations, which, in their opinion, it shall, in the interests of the Company, be necessary or expedient to comply with.
- (xix) at any time, and from time to time, by power of attorney, under the Seal of the Company, to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions, not exceeding those vested in or exercisable by the Board under these presents and excluding the powers to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys, and for such period and subject to such conditions as the Board may, from time to time, think fit, and any such appointment may, if the Board thinks fit, be made in favour of the members or in favour of any Company, or the Share-holders, directors, nominees, or managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection of convenience of person dealing with such Attorneys, as the Board may think



fit, and may contain powers enabling any such delegates all or any of the powers, authorities and discretions, for the time being, vested in them;

- (xx) Subject to the provisions of the Act, for or in relation to any of the matters, aforesaid or otherwise, for the purposes of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company, as they may consider expedient;
- (xxi) from time to time, make, vary and repeal bylaws for the regulation of the business of the Company, its Officers and Servants.

## **MANAGEMENT**

**148.** The Company shall not appoint or employ, at the same time, more than one of the following categories of managerial personnel, namely

- (i) Managing Director, and
- (ii) Manager

## **CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

**149.** Subject to the provisions of the Act,—

- (i) A chief executive officer, manager, company secretary, 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, chief financial officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as chief executive officer, manager, company secretary, chief financial officer.

**150.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary, 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, chief financial officer.

## **COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS**

**151.** Copies of the Memorandum and Articles of Association of the Company and other documents, referred to in Section 17 of the Act, shall be sent by the Company to every member, at his request, within 7 (Seven) days of the request, on payment, if required by the Board, of the sum of Re.1/- (Rupee One Only) or such other higher sum, as may be prescribed, from time to time, under the Act and further decided, from time to time, by the Board, for each such copy.

## **SEAL**

**152.**

- (i) The Board shall provide a Common Seal for the purposes of the Company, and shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal, for the time being, and that the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given. The Common Seal of the Company shall be kept at its office or at such other place, in India, as the Board thinks fit.
- (ii) The Common Seal of the Company shall be used by or under the authority of the Directors or by a Committee of the Board of Directors authorised by it in that behalf in the presence of at least one director, or Secretary or any other responsible officer of the Company as may be expressly authorised by the Board by way of a resolution passed at their duly constituted meeting, who shall sign every instrument to which the seal is affixed. Such instruments may also be counter-signed by other officer or officers, if any, appointed for the



purpose. However, the certificates, relating to Shares or Debentures in or of the Company, shall be signed in such manner as may be prescribed in the Act and/or any Rules thereunder.

## **DIVIDEND**

- 153.** The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles, and further subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of capital paid up or credited as paid up to the Shares held by them respectively.
- 154.** The Company, in general meeting, may declare that dividends be paid to the members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company may, in general meeting, declare a smaller dividend than was recommended by the Board.
- 155.** Subject to the applicable provisions of the Act, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both provided that :-
- (i) if the Company has not provided for any previous financial year or years it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
  - (ii) if the Company has incurred any loss in any previous financial year or years the amount of loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid as against the profits of the Company for any financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of schedule II of the Act.
- 156.** The Board may, from time to time, pay to the members such interim dividend, as in their judgement, the position of the Company justifies.
- 157.** Where capital is paid in advance of calls, such capital may carry interest as may be decided, from time to time, by the Board, but shall not, in respect thereof, confer a right to dividend or to participate in profits.
- 158.** All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during which any portion or portions of the period in respect of which the dividend is paid up; but if any Share is issued on the terms providing that it shall rank for dividend as from a particular date or on such preferred rights, such Share shall rank for dividend accordingly.
- 159.** The Board may retain the dividends payable upon Shares in respect of which any person is, under the Article 61 hereinabove, entitled to become a member, or which any person under that article is entitled to transfer until such person shall become a member in respect of such Shares, or shall duly transfer the same and until such transfer of Shares has been registered by the Company, notwithstanding anything contained in any other provision of the Act or these Articles, the provisions of Section 206A of the Act or the corresponding section of Act, 2013 as and when notified shall apply.
- 160.** Any one of several persons, who are registered as joint holders of any Share, may give effectual receipts for all dividends or bonus and payments on account of dividends or bonus or other moneys payable in respect of such Shares.
- 161.** No member shall be entitled to receive payment of any interest or dividend in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Board may deduct, from the interest or dividend payable to any member, all sums of money so due from him to the Company.
- 162.** Subject to the applicable provisions, if any, of the Act, a transfer of Shares shall not pass the right to any dividend declared thereon and made effective from the date prior to the registration of the transfer.



- 163.** Unless otherwise directed, any dividend may be paid up by cheque or warrant or by a pay-slip sent through the post to the registered address of the member or person entitled, or, in the case of joint holders, to that one of them first named in the Register in respect of the joint holdings. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip lost in transmission or for any dividend lost to the member or person entitled thereto due to or by the forged endorsement of any cheque or warrant or the fraudulent recovery of the dividend by any other means.
- 164.**
- (i) If the Company has declared a dividend but which has not been paid or claimed within 30 (Thirty) days from the date of declaration the Company shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 (Thirty) days a special account to be opened by the Company in that behalf in any scheduled Bank called “the Unpaid Dividend Account of..... Limited”. The Company shall within a period of ninety days of making any transfer of an amount to the Unpaid Dividend Account, prepare a statement containing the names, their last known addresses and the unpaid dividend to be paid to each person and place it on the website of the Company and also on any other website approved by the Central Government, for this purpose. No unclaimed or unpaid dividend shall be forfeited by the Board before the claim becomes barred by law.
  - (ii) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (Seven) years, from the date of such transfer shall be transferred by the Company to the Fund known as the Investor Education and Protection Fund established under Section 125 of the Act 2013.
- 165.** Subject to the provisions of the Act, no unpaid dividend shall bear interest as against the Company.
- 166.** Any general meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting decides, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

## **CAPITALISATION**

- 167.**
- (i) The Company, in general meeting, may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account or in the hands of the Company and available for dividend, or representing premium received on the issue of Shares and standing to the credit of the Share Premium Account, be capitalised and distributed amongst such of the Shareholders as would be entitled to receive the same, if distributed by way of dividend, and in the same proportion on the footing that they become entitled thereto as capital, and that all or any part of such capitalised fund be applied, on behalf of such Shareholders, in paying up in full either at par or at such premium, as the resolution may provide, any unissued Shares or Debentures or Debenture stock of the Company which shall be distributed accordingly on in or towards payment of the uncalled liability on any issued Shares or Debentures, stock and that such distribution or payment shall be accepted by such Shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Share Premium Account and a Capital Redemption Reserve Account may, for the purposes of this Article, only be applied for the paying of any unissued Shares to be issued to members of the Company as, fully paid up, bonus Shares.
  - (ii) A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company, not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.
  - (iii) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty, which may arise, in regard to the distribution, as it thinks expedient, and, in particular, may issue fractional certificates and may fix the value for distribution of any specific assets, and may determine that such cash payments shall be made to any members upon the footing of the value so fixed or that fraction of value less than ₹ 10/- (Rupees Ten Only) may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalized funds, as may seem expedient to the Board. Where requisite, a proper contract shall



be delivered to the Registrar for registration in accordance with Section 75 of the Act and the Board may appoint any person to sign such contract, on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

## ACCOUNTS

**168.** The Company shall keep at the Office or at such other place in India, as the Board thinks fit and proper, books of account, in accordance with the provisions of the Act with respect to :-

- (i) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure take place;
- (ii) all sales and purchases of goods by the Company;
- (iii) the assets and liabilities of the Company;
- (iv) such particulars, if applicable to this Company, relating to utilization of material and/or labour or to other items of cost, as may be prescribed by the Central Government.

Where the Board decides to keep all or any of the books of account at any place, other than the Office of the Company, the Company shall, within 7 (Seven) days, or such other period, as may be fixed, from time to time, by the Act, of the decision, file with the Registrar, a notice, in writing, giving the full address of that other place.

The Company shall preserve, in good order, the books of account, relating to the period of not less than 8 (Eight) years or such other period, as may be prescribed, from time to time, under the Act, preceding the current year, together with the vouchers relevant to any entry in such books.

Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this Article, if proper books of account, relating to the transaction effected at the branch office, are kept at the branch office, and the proper summarized returns, made up to day at intervals of not more than 3 (Three) months or such other period, as may be prescribed, from time to time, by the Act, are sent by the branch office to the Company at its Office or other place in India, at which the books of account of the Company are kept as aforesaid.

The books of account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain the transactions represented by it. The books of account and other books and papers shall be open to inspection by any director, during business hours, on a working day, after a prior notice, in writing, is given to the Accounts or Finance department of the Company.

- 169.** 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 the directors, and no member, not being a director, shall have any right of inspecting any account or books or document of the Company, except as conferred by law or authorised by the Board.
- 170.** The Directors shall, from time to time, in accordance with sections 129 and 134 of the Act, cause to be prepared and to be laid before the Company in Annual General Meeting of the Shareholders of the Company, such Balance Sheets, Profit and Loss Accounts, if any, and the Reports as are required by those Sections of the Act.
- 171.** A copy of every such Profit & Loss Accounts and Balance Sheets, including the Directors' Report, the Auditors' Report and every other document(s) required by law to be annexed or attached to the Balance Sheet, shall at least 21 (Twenty-one) days, before the meeting, at which the same are to be laid before the members, be sent to the members of the Company, to every trustee for the holders of any Debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of general meetings of the Company sent to him, and to all persons other than such member or trustees being persons so entitled.
- 172.** The Auditors, whether statutory, branch or internal, shall be appointed and their rights and duties shall be regulated in accordance with the provisions of the Act and the Rules made thereunder.



## DOCUMENTS AND NOTICES

### 173.

- (i) A document or notice may be served or given by the Company on any member either personally or by sending it, by post or by such other means such as fax, e-mail, if permitted under the Act, to him at his registered address or, if he has no registered address in India, to the address, if any, in India, supplied by him to the Company for serving documents or notices on him.
- (ii) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying, wherever required, and posting a letter containing the document or notice, provided that where a member has intimated to the Company, in advance, that documents or notices should be sent to him under a certificate of posting or by registered post, with or without the acknowledgement due, and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner and, such service shall be deemed to have been effected, in the case of a notice of a meeting, at the expiration of forty-eight hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post.

**174.** A document or notice, whether in brief or otherwise, advertised, if thought fit by the Board, in a newspaper circulating in the neighborhood of the Office shall be deemed to be duly served or sent on the day, on which the advertisement appears, on or to every member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him.

**175.** A document or notice may be served or given by the Company on or to the joint holders of a Share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the Share.

**176.** A document or notice may be served or given by the Company on or to the person entitled to a Share, including the person nominated in the manner prescribed hereinabove, in consequence of the death or insolvency of a member by sending it through the post as a prepaid letter addressed to them by name or by the title or representatives of the deceased, or assigned of the insolvent or by any like description, at the address, if any, in India, supplied for the purpose by the persons claiming to be entitled, or, until such an address has been so supplied, by serving the document or notice, in any manner in which the same might have been given, if the death or insolvency had not occurred.

**177.** Documents or notices of every general meeting shall be served or given in some manner hereinafter authorised on or to (i) every member, (ii) every person entitled to a Share in consequence of the death or insolvency of member, (iii) the Auditor or Auditors of the Company, and (iv) the directors of the Company.

**178.** Every person who, by operation of law, transfer or by other means whatsoever, shall become entitled to any Share, shall be bound by every document or notice in respect of such Share, which, previously to his name and address being entered on the Register of Members, shall have duly served on or given to the person from whom he derives his title to such Shares.

**179.** Any document or notice to be served or given by the Company may be signed by a director or some person duly authorised by the Board for such purpose and the signature thereto may be written, printed or lithographed.

**180.** All documents or notices to be served or given by members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post, under a certificate of posting or by registered post, or by leaving it at the Office, or by such other means such as fax, e-mail, if permitted under the Act.

## WINDING UP

**181.** The Liquidator, on any winding up, whether voluntary or under supervision or compulsory, may, with the sanction of a special resolution, but subject to the rights attached to any Preference Share Capital, divide among the contributories, in specie, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, as the liquidators, with the like sanction, shall think fit.





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## **INDEMNITY AND RESPONSIBILITY**

- 182.** 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 favor or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

## **SECRECY**

**183.**

- (i) Every director, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with the individuals and in matters relating thereto, and shall, by such declaration, pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by Law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions contained in these presents or the Memorandum of Association of the Company.
- (ii) 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.



## SECTION XI – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been attached to the copy of the Draft Prospectus delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Application/Issue Opening Date until the Application/Issue Closing Date.

#### A. Material Contracts

1. Memorandum of Understanding dated August 06, 2018 between our Company and the Lead Manager.
2. Memorandum of Understanding dated July 18, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement [●] between our Company, the Lead Manager, Banker to the Issue and the Registrar to the Issue.
4. Market Making Agreement dated August 06, 2018 between our Company, the Lead Manager and the Market Maker.
5. Underwriting Agreement dated August 06, 2018 between our Company, the Lead Manager and the Market Maker.
6. Tripartite agreement between the NSDL, our Company and the Registrar dated [●].
7. Tripartite agreement between the CDSL, our Company and the Registrar dated [●].

#### B. Material Documents

1. Certified true copies of the Memorandum and Articles of Association of our Company, as amended from time to time.
2. Copy of Certificates of Incorporation of Sky Gold Limited.
3. Resolution of the Board of Directors meeting dated June 27, 2018 authorizing the Issue.
4. Shareholders' resolution passed at the Extra-Ordinary General Meeting dated July 09, 2018 authorizing the Issue.
5. Peer Review Auditor's report for Restated Financials dated August 18, 2018 included in this Draft Prospectus.
6. The Statement of Tax Benefits dated August 18, 2018 from our Statutory Auditor.
7. Consent of our Directors, CFO, CS, Statutory Auditor, Peer Review Auditor, Banker to the Company<sup>(1)</sup>, Banker to the Issue<sup>(1)</sup>, Lead Manager, Legal Advisor to the Issue, Registrar to the Issue, Market Maker and Underwriters as referred to in their specific capacities.  
*<sup>(1)</sup> Will be obtained prior to filing of Prospectus*
8. Due Diligence Certificate(s) dated [●] of the Lead Manager to be submitted to SEBI along with the filing of the Prospectus.



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9. Approval from BSE vide letter dated [●] to use the name of BSE in this Offer Document for listing of Equity Shares on the SME Platform of the BSE.

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



## DECLARATION

We, hereby declare that, all the relevant provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified) and the guidelines issued by the Government of India or the regulations or guidelines issued by the Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in the Draft Prospectus is contrary to the provisions of the Companies Act, 1956, Companies Act, 2013 (to the extent notified), the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY:

Sd/-

\_\_\_\_\_  
**Mr. Mangesh Chauhan**  
Managing Director

Sd/-

\_\_\_\_\_  
**Mr. Mahendra Chauhan**  
Whole-time Director

Sd/-

\_\_\_\_\_  
**Mr. Darshan Chauhan**  
Whole-time Director

Sd/-

\_\_\_\_\_  
**Mr. Dilip Gosar**  
Non-Executive Independent Director

Sd/-

\_\_\_\_\_  
**Ms. Maitri Patel**  
Non-Executive Independent Director

Sd/-

\_\_\_\_\_  
**Mr. Loukik Tipnis**  
Non-Executive Independent Director

### SIGNED BY THE CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Sd/-

\_\_\_\_\_  
**Mr. Mangesh Chauhan**  
Chief Financial Officer

### SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-

\_\_\_\_\_  
**Ms. Disha Shenoy**  
Company Secretary

Date: August 20, 2018  
Place: Mumbai