



POMMYS GARMENTS (INDIA) LIMITED

Our company was originally incorporated on December 03, 2009 in the state of Tamil Nadu as a private limited company under the name and style of "POMMYS GARMENTS (INDIA) PRIVATE LIMITED" and received a certificate of incorporation. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 23, 2017, our company was converted into a public limited company and the name of the Company was changed to "POMMYS GARMENTS (INDIA) LIMITED". A fresh certificate of incorporation dated November 09, 2017 was issued by the RoC to effect the name change. For details of changes in name and registered office of our Company, please refer to the section titled "History and Certain Corporate matters" beginning on page 98 of this Draft Prospectus.

Registered Office: 5/13 B, Pommys Nagar, Seithur Road, Dhalavaipuram, Virudhunagar District, Tamil Nadu - 626 188, India.

Telephone/ Fax: +91 (0) 4563-244615; **Contact Person:** Mr. V Rajagopalan, Company Secretary & Compliance Officer

E-mail: cs@pommys.in; **Website:** www.pommys.in; **Corporate Identity Number:** U18101TN2009PLC073775

OUR PROMOTERS: MR. KUMARSAMY RAJA & MR. A. INICO INBARAJ

PUBLIC ISSUE OF UPTO 75,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF POMMYS GARMENTS (INDIA) LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING UP TO ₹ [●] LAKHS. THE ISSUE COMPRISES OF UPTO 3,75,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ [●] LAKHS WHICH WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF UPTO 71,25,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ [●] IS HERINAFTER REFERED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 30.32% AND 28.80% RESPECTIVELY OF THE POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH.

THE ISSUE PRICE IS ₹ [●] PER EQUITY SHARE AND IS [●] TIMES OF THE FACE VALUE.

THIS PUBLIC ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME (THE "SEBI ICDR REGULATIONS"). FOR FURTHER DETAILS, PLEASE REFER TO SECTION TITLED "ISSUE INFORMATION" BEGINNING ON ON PAGE 171 OF THIS DRAFT PROSPECTUS.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to section titled "Issue Procedure" beginning on page 179 of this Draft Prospectus. A copy of Prospectus will be delivered for registration to the Registrar of Companies as required under Section 32 and Section 26 respectively of the Companies Act, 2013.

RISK IN RELATION TO THE FIRST ISSUE

This being the first Public Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Issue Price is [●] times the face value. The Issue Price (as determined by our Company, in consultation with the Lead Manager as stated in the section titled "Basis for Issue Price" beginning on page 68 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 and/ or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investment in equity and equity related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 18 of this Draft Prospectus.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirm that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of this Issue; that the information contained in this Draft 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 or inclusion of which makes this Draft Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through the Draft Prospectus are proposed to be listed on the SME Platform of National Stock Exchange of India Limited ("NSE"). In terms of the Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended, Our Company has received an In -Principle approval letter dated [●] from NSE for using its name in this Draft Prospectus for listing of our equity shares on the SME Platform of NSE. For the purpose of this Issue, the designated Stock Exchange will be NSE.

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

KEYNOTE

KEYNOTE CORPORATE SERVICES LIMITED

The Ruby, 9th Floor, Senapati Bapat Marg,
Dadar (West), Mumbai - 400 028, India.

Telephone: +91 22 3026 6000

Facsimile: +91 22 3026 6088

Email: mbd@keynoteindia.net

Investor grievance email: info@keynoteindia.net

Contact Person: Mr. Chirag Dave

Website: www.keynoteindia.net

SEBI Registration Number: INM000003606



CAMEO

CAMEO CORPORATE SERVICES LIMITED

'Subramanian Building', No.1, Club House Road,
Chennai-600 002, India.

Telephone: +91 44 2846 0425

Facsimile: +91 44 2846 0129

Email: rdr@cameoindia.com

Investor grievance email: investor@cameoindia.com

Contact Person: Mr. R D Ramasamy

Website: www.cameoindia.com

SEBI Registration Number: INR000003753

ISSUE PROGRAMME

ISSUE OPENS ON: [●]

ISSUE CLOSES ON: [●]

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Prospectus uses certain definitions and abbreviation which, unless the context otherwise indicates or implies, shall have the respective meanings given below. References to statutes, regulations, rules, guidelines and policies will be deemed to include all amendments and modifications thereto.

The words and expression used in this Draft Prospectus, but not defined herein, shall have the same meaning ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder as the case may be. Notwithstanding the foregoing, the terms not defined but used in the sections titled "Statement of Tax Benefits"; "Financial Statements"; "Outstanding Litigation and Material Developments"; and "Main Provisions of Articles of Association" beginning on page 203 respectively, shall have the meanings ascribed to such terms in these respective sections.

General Terms

| Term | Description |
|---|---|
| Pommys Garments (India) Limited / Pommys / The Company / Company / We / Us / Our / Our Company / The Issuer | Unless the context otherwise indicates or implies refers to Pommys Garments (India) Limited a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at 5/13 B, Pommys Nagar, Seithur Road, Dhalavaipuram, Virudhunagar District, Tamil Nadu - 626 188, India. |
| Promoter(s) | The promoters of our Company are Mr. Kumarsamy Raja and Mr Inico Inbaraj. For further details, please refer to section titled "Our Promoter and Promoter Group" beginning on page 117 of this Draft Prospectus. |
| Promoter Group | Such persons, entities and companies constituting our promoter group pursuant to Regulation 2(zb) of the SEBI ICDR Regulations and Section 2(77) of Companies Act read with Rule 4 of Companies (Specification of definition details) Rules, 2014 as disclosed in the Chapter titled "Our Promoter, Promoter Group and Group Companies" on page 117 of this Draft Prospectus. |

Company related terms

| Term | Description |
|--|---|
| Articles/ Articles of Association/ AoA | The articles of association of our Company, as amended. |
| Audit Committee | Audit committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013. |
| Auditor/ Statutory Auditors | The Statutory Auditors of Pommys Garments (India) Limited is M/s. Vivekanandan Associates. |
| Board of Directors/ our Board | The board of directors of our Company, as duly constituted from time to time. |
| CSR Committee | Corporate social responsibility committee of our Company constituted in accordance with the Companies Act, 2013. |
| Director(s) | The director(s) on our Board, unless otherwise specified. For further details of our Directors, please refer to section titled "Our Management" beginning on page 103 of this Draft Prospectus. |
| Equity Listing Agreement/ Listing | The equity listing agreement to be entered by our Company with the Stock Exchanges. |

| Term | Description |
|--|--|
| Agreement | |
| Equity Shares | The equity shares of our Company of face value of ₹10 each. |
| Group Companies/ Entities | The companies included under the definition of "Group Companies" under the SEBI (ICDR) Regulations and identified by the Company in its Materiality Policy. For further details, please refer to section titled "Our Group Entities" beginning on page 119 of this Draft Prospectus. |
| Key Managerial Personnel/ KMP | The key management personnel of our Company in terms of the SEBI (ICDR) Regulations and the Companies Act disclosed in section titled "Our Management" beginning on page 103 of this Draft Prospectus. |
| Materiality Policy | The policy on identification of group companies, material creditors and material litigation, adopted by our Board on page 151, in accordance with the requirements of the SEBI (ICDR) Regulations. |
| Memorandum/ Memorandum of Association/ MoA | The memorandum of association of our Company, as amended |
| Nomination and Remuneration Committee | Nomination and remuneration committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013 |
| Registered Office | 5/13 B, Pommys Nagar, Seithur Road, Dhalavaipuram, Virudhunagar District, Tamil Nadu - 626 188, India |
| RoC/ Registrar of Companies | The Registrar of Companies, Chennai, Tamil Nadu situated at Block No.6, B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai - 600034, Tamil Nadu, India. |
| Restated Financial Information | The restated standalone financial information of our Company which comprises of the restated standalone balance sheet, the restated standalone profit and loss and the restated standalone cash flow information for six (6) months period ended September 30, 2017 and financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 together with the annexure and notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. |
| Stakeholders' Relationship Committee | Stakeholder's relationship committee of our Company constituted in accordance with Regulation 18 of the SEBI Listing Regulations and Companies Act, 2013 |

Offer Related Terms

| Term | Description |
|--|--|
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application. |
| Allotment/ Allot/ Allotted/ Allotment of Equity Shares | Unless the context otherwise requires, the offer and allotment of Equity Shares, pursuant to the Offer to the successful applicants. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchanges |
| Allottee (s) | The successful applicant to whom the Equity Shares are being / have been offered/ allotted. |
| Applicant/Investor | Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus and the Application form. |
| Application | An Indication to make an offer during the Offer Period by an Applicant pursuant to submission of an Application form, to subscribe for or purchase our Equity Shares at |

| Term | Description |
|---|---|
| | Offer Price, including all revisions and modifications thereto, to the extent permissible under the SEBI ICDR Regulations. |
| Application Amount | The number of Equity Shares applied for and as indicated in the Application Form multiplied by the price per Equity Share payable by the Applicants on submission of the Application Form. |
| Application Form | The form, whether physical or electronic, used by an Applicant to make an application, which will be considered as the application for Allotment for purposes of this Draft Prospectus. |
| Application Supported by Blocked Amount/ ASBA | An application, whether physical or electronic, used by all Applicants to make an Application authorizing a SCSB to block the application amount in the ASBA Account maintained with such SCSB. Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA process. |
| ASBA Account | Account maintained by an ASBA Applicant/Investor with an SCSB which will be blocked by such SCSB to the extent of the appropriate Application Amount of the ASBA Applicant/Investor and as defined in the Application Form. |
| ASBA Applicant | Any Applicant who intends to apply through ASBA Process. |
| Banker(s) to the Company | Karur Vysya Bank Limited and Union Bank of India. |
| Banker(s) to the Offer Escrow Collection Bank/ Public Offer Account Bank/ Refund Bank | The banks which are Clearing Members and registered with SEBI as Banker to an Offer with whom the Public Offer Account will be opened and in this case being [●] . |
| Banker(s) to the Issue Agreement | Agreement dated [●] entered amongst the Company, Lead Manager, the Registrar and the Banker of the Issue. |
| Basis of Allotment | The basis on which the Equity Shares will be allotted described in the chapter titled “ <i>Issue Procedure- Basis of Allotment</i> ” beginning on page 199 of this Draft Prospectus |
| Broker Centres | Broker centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. |
| 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. |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account. |
| Collecting Depository Participants or CDPs | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI. |
| Controlling Branches of the SCSBs | Such branches of the SCSBs which co-ordinate Applications under this Offer made by the ASBA Applicants with the Lead Manager, the Registrar to the Offer and the Stock Exchanges, a list of which is provided on http://www.sebi.gov.in . or at such other website as may be prescribed by SEBI from time to time. |
| Demographic Details | The demographic details of the Applicants such as their address, PAN, Occupation and Bank Account details. |
| Depository/ Depositories | A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time, being CDSL and NSDL. |
| Depository Participant / DP | A Depository Participant as defined under the Depositories Act, 1996. |

| Term | | Description |
|---|---------|---|
| Designated Branches | SCSB | Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/ Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. |
| Designated Locations | CDP | Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.nseindia.com |
| Designated Locations | RTA | Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.nseindia.com |
| Designated Date | | The date on which the SCSBs shall transfer the funds from ASBA accounts into the Public Offer Account or Refund Account as appropriate after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Applicants in the Offer. |
| Designated Intermediaries /Collecting Agent | | An SCSB's with whom the bank account to be blocked, is maintained, a syndicate member (or subsyndicate member), a Stock Broker registered with recognized Stock Exchange, a Depository Participant, a registrar to an offer and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity) |
| Designated Market Maker | Market | Keynote Capitals 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 Exchange | Stock | SME platform of NSE i.e. NSE Emerge. |
| Draft Prospectus / DP | | The Draft Prospectus dated March 27, 2018 issued in accordance with Section 32 of the Companies Act and filed with the NSE under SEBI ICDR Regulations. |
| Eligible NRIs | | A NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Offer and in relation to whom this Draft Prospectus will constitute an invitation to Application based on the terms thereof. |
| Equity Shares(s) | | Equity Shares of our Company of ₹10/- each. |
| FII/ Institutional Investor | Foreign | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India. |
| First/Sole Applicant | | The Applicant whose name appears first in the Application Form or Revision Form. |
| Foreign Venture Capital Investors/FVCI | | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000. |
| FPI/ Foreign Portfolio Investor | | A Foreign Portfolio Investor who has been registered pursuant to the Securities And Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. |
| Issue Closing Date | | The date after which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers will not accept any Application for this Offer, which shall be notified in a English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●]. |
| Issue Opening Date | | The date on which the Lead Manager, Syndicate Member, Designated Branches of SCSBs and Registered Brokers shall start accepting Application for this Offer, which |

| Term | Description |
|--|--|
| | shall be the date notified in an English national newspaper, Hindi national newspaper and a regional newspaper each with wide circulation as required under the SEBI ICDR Regulations. In this case being [●]. |
| Issue Period | The period between the Offer Opening Date and the Offer Closing Date inclusive of both days and during which prospective Applicants can submit their Applications. |
| Issue Price | The Price at which the Equity Shares are being offered and allotted by our Company being [●]/- per equity share of face value of [●]/- each fully paid. |
| Issue size | Issue of 75,00,000 equity shares aggregating upto ₹[●] Lakhs. |
| IPO | Initial Public Offering. |
| Issue Agreement | Agreement dated March 15, 2018 between our Company and the Lead Manager. |
| KCSL | Keynote Corporate Services Limited. |
| Key Management Personnel | The personnel listed as key management personnel in “Our Management” on page no. 103 of this Draft Prospectus. |
| LM/ Lead Manager | Lead Manager to the Offer, in this case being Keynote Corporate Services Limited. |
| Listing Agreement | Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the NSE Emerge. |
| Market Maker | Member Brokers of NSE who are specifically registered as Market Makers with the NSE EMERGE Platform. In our case, Keynote Capitals Limited is the sole Market Maker. |
| Market Making Agreement | The Market Making Agreement dated [●] between our Company and Market Maker Keynote Capitals Limited. |
| Market Maker Reservation Portion | The reserved portion of 3,75,000 Equity Shares of ₹10/- each fully paid up for cash at an Issue price of ₹[●]/- Each aggregating to ₹[●] Lakhs to be subscribed by Market Maker in this Offer. |
| Mutual Fund | A Mutual Fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended. |
| Net Offer | The Offer (excluding the Market Maker Reservation Portion) of 71,25,000 Equity Shares of ₹10/- each at a price of [●] per Equity Share (the “Offer Price”), including a share premium of [●] per equity share aggregating to [●] Lakhs. |
| NIF | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India. |
| Non-Institutional Investors/ Applicant | Investors other than Retail Individual Investors, NRIs, QFIs and QIBs who apply for the Equity Shares of a value of more than ₹2,00,000/-. |
| NR/Non-Resident | A person resident outside India, as defined under FEMA including eligible NRIs and FIIs. |
| NRI(s)/Non-Resident Indian | A “person resident outside India”, as defined under FEMA and who is a citizen of India or is a person of Indian origin (as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended). |
| NSE | National Stock Exchange of India Limited. |
| NSE Emerge | The SME platform of NSE, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter X-B of the SEBI ICDR Regulations. |
| OCB(s)/ Overseas Corporate Body | Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB’s) Regulations 2003 and which was in existence on the date of the commencement of these Regulations and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the Regulations. OCBs are not allowed to invest in this Offer. |
| Other Investor | Investor other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| 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. |
| Promoters Contribution | An aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by our Promoters, shall be locked-in for a period of 3 (three) years from the date of Allotment and our Promoters' shareholding in excess of 20% shall be locked-in for a period of 1 (one) year from the date of Allotment |
| Prospectus | The Prospectus to be filed with the ROC, in accordance with the provisions of Section 32 of the Companies Act, 2013. |
| Public Issue Account | The Bank Account opened with the Banker(s) to this Offer under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date. |
| Qualified Foreign Investors/ QFIs | <p>Non-resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organization of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI.</p> <p>Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.</p> |
| Qualified Foreign Investors Depository Participant/ QFIs DP | Depository Participant for Qualified Foreign Investors. |
| Qualified Institutional Buyers or QIBs | Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals) registered with SEBI, 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, the NIF, set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; insurance funds set up and managed by 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. |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI. |
| Registered Broker(s) | Broker(s) registered with the stock exchanges having its office at any of the Registered Broker Centres and shall not include Syndicate and sub-Syndicate members. |
| Registered Broker Centres | Broker centres as notified by the Stock Exchanges, where Applicants can submit the Application Forms to a Registered Broker. The details of such broker centres are available on the websites of BSE and NSE at http://www.bseindia.com/ and http://www.nseindia.com/ , respectively. |
| Registrar/ Registrar to the Issue | Registrar to the Offer being Cameo Corporate Services Limited. |
| Registrar Agreement | The agreement dated December 08, 2017, entered between our Company and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer. |
| Reserved Category/ | Categories of persons eligible for making application under reservation portion. |

| Term | Description |
|--|---|
| Categories | |
| Reservation Portion | The portion of the Offer reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009. |
| 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. |
| Revision Form | The form used by the Applicants to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s). |
| Rule 144A | Rule 144A under the U. S. Securities Act of 1933, as amended from time to time. |
| SEBI (PFUTP) Regulations | SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003. |
| SEBI SAST/ SEBI (SAST) Regulations | SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time. |
| Self Certified Syndicate Bank(s) / SCSBs | Banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offer services of ASBA, including blocking of bank account, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries as updated from time to time. |
| SME Exchange | The SME Platform of NSE i.e. NSE EMERGE. |
| SME Platform | The SME Platform of NSE i.e. NSE EMERGE for listing equity shares offered under Chapter X-B of the SEBI ICDR Regulation which was approved by SEBI as an SME Exchange on September 27, 2011. |
| TRS/Transaction Registration Slip | The slip or document issued by a Designated Intermediary to the Applicant as proof of registration of the Application. |
| Underwriters | The Lead Manager who has underwritten this Issue pursuant to the provisions of the SEBI ICDR Regulations and the SEBI (Underwriters) Regulations, 1993, as amended from time to time, in this case being Keynote Capitals Limited. |
| Underwriting Agreement | The Agreement among the Underwriters and our Company dated [●]. |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended. |
| 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. |
| Working Day | Any day, other than 2 nd and 4 th Saturday of the month, Sundays or public holidays, on which commercial banks in India are open for business, provided however, for the purpose of the time period between the Offer opening and Offer closing date and listing of the Equity Shares on the Stock Exchanges, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India. |

Technical/Industry Related Terms/Abbreviations

| Term | Description |
|------|-------------------------------------|
| AEPC | Apparel Export Promotion Council |
| FDI | Foreign Direct Investment |
| TUFS | Technology up gradation fund scheme |
| NTP | National Textile Policy |
| SITP | Scheme for Integrated Textile Parks |
| MFA | Multi Fibre Arrangement |

Conventional and General Terms

| Term | Description |
|--|--|
| AIF(s) | The alternative investment funds, as defined in, and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| Category I foreign portfolio investor(s) | FPIs who are registered as "Category I foreign portfolio investor" under the SEBI FPI Regulations |
| Category II foreign portfolio investor(s) | FPIs who are registered as "Category II foreign portfolio investor" under the SEBI FPI Regulations |
| Category III foreign portfolio investor(s) | FPIs who are registered as "Category III foreign portfolio investor" under the SEBI FPI Regulations |
| CCI | Competition Commission of India |
| Client ID | The client identification number maintained with one of the Depositories in relation to demat account |
| Companies Act, 1956 | Companies Act, 1956 (<i>without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013</i>) along with the relevant rules made thereunder |
| Companies Act/ Companies Act, 2013 | Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications made thereunder |
| Competition Act | The Competition Act, 2002 |
| Consolidated FDI Policy | Consolidated FDI Policy (Circular 1 of 2015) dated May 12, 2015 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time. |
| CST Act | Central Sales Tax Act, 1956 |
| Demographic Details | Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details |
| DCIT | Deputy Commissioner of Income Tax |
| DCST | Deputy Commissioner of Sales Tax |
| DIN | Director identification number |
| DP/ Depository Participant | A depository participant as defined under the Depositories Act |
| DP ID | Depository participant's identification |
| FCNR Account | Foreign currency non-resident account |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder |
| FII(s) | Foreign Institutional Investors as defined under the SEBI FPI Regulations. |
| Financial Year/ Fiscal/ Fiscal Year/ F.Y. | Period of twelve (12) months ended March 31 of that particular year, unless otherwise stated |
| IT Act | The Income Tax Act, 1961, as amended |
| IT Rules | The Income Tax Rules, 1962, as amended |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| Ind AS | New Indian Accounting Standards notified by Ministry of Corporate Affairs on February 16, 2015, applicable from Financial Year commencing April 1, 2016 |
| LLP Act | The Limited Liability Partnership Act, 2008 |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Draft Prospectus. |
| NRE Account | Non-resident external account |

| Term | Description |
|--|--|
| NRO Account | Non-resident ordinary account |
| OCB/ Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA |
| RBI Act | Reserve Bank of India Act, 1934 |
| RoC | The Registrar of Companies, Chennai, Tamil Nadu |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended |
| SEBI | The Securities and Exchange Board of India, constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended |
| SEBI (ICDR) Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended |
| SEBI Listing Regulations / SEBI (LODR) Regulations | SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| SEBI VCF Regulations | The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 |
| Securities Act | U.S. Securities Act of 1933, as amended |
| State Government | The government of a state of the Union of India |
| Stock Exchanges | NSE Emerge |
| Sub-account | Sub-accounts registered with SEBI under the SEBI FII Regulations other than sub-accounts which are foreign corporates or foreign individuals |
| VCFs | Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations |
| Willful Defaulter | Willful defaulter as defined under Regulation 2(zn) of the SEBI (ICDR) Regulations |

General terms/ Abbreviations

| Term | Description |
|---------------------------|--|
| ₹ or Rs. or Rupees or INR | Indian Rupees |
| ACIT | Assistant Commissioner of Income Tax |
| AGM | Annual General Meeting |
| APEDA | Agricultural and Processed Food Products Export Development Authority |
| AS/Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| A.Y. | Assessment year |
| BPLR | Bank Prime Lending Rate |
| CAGR | Compounded annual growth rate |
| CARO | Companies (Auditor's Report) Order, 2003 |
| CDSL | Central Depository Services (India) Limited |

| Term | Description |
|-----------------|---|
| CIN | Corporate Identity Number |
| CSR | Corporate Social Responsibility |
| DIN | Director Identification Number |
| DTC | Direct Taxes Code |
| ECS | Electronic Clearing System |
| EGM | Extraordinary General Meeting of the Shareholders of the Company |
| EPS | Earnings Per Share |
| FDI | Foreign direct investment |
| FIPB | Foreign Investment Promotion Board |
| GAAR | General anti avoidance rules |
| GFSI | Global Food Safety Initiative |
| GIR | General index register |
| GoI/ Government | Government of India |
| GST | Goods and Services Tax Act |
| HNI | High Net worth Individual |
| HUF | Hindu Undivided Family. |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPC | Indian Penal Code, 1860 |
| IPO | Initial Public Offering |
| IRDA | Insurance Regulatory and Development Authority |
| Ltd. | Limited |
| MCA | Ministry of Corporate Affairs, Government of India |
| MoU | Memorandum of understanding |
| N.A. | Not Applicable |
| NAV | Net asset value being paid up equity share capital plus free reserves (<i>excluding reserves created out of revaluation</i>) less deferred expenditure not written off (<i>including miscellaneous expenses not written off</i>) and debit balance of profit and loss account, divided by number of issued Equity Shares. |
| NCR | National Capital Region |
| NECS | National Electronic Clearing Services |
| NEFT | National Electronic Fund Transfer |
| No. | Number |
| NoC | No objection certificate |
| NR | Non-resident |
| NSDL | National Securities Depository Limited. |
| NTA | Net Tangible Assets |
| p.a. | Per annum |
| P/E Ratio | Price earnings ratio |
| PAN | Permanent account number allotted under the Income Tax Act, 1961 |
| PAT | Profit after tax |
| PBT | Profit before tax |
| PCB | Pollution Control Board |
| Pvt. | Private |
| RBI | Reserve Bank of India |
| RoC | Registrar of Companies |
| RONW | Return on net worth |
| RTGS | Real time gross settlement |
| STT | Securities Transaction Tax |



| Term | Description |
|-------------|--|
| UIN | Unique identification number |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| VAT | Value added tax |
| YoY | Year on Year |

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

Certain Conventions

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

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

Financial Data

Unless stated otherwise, financial data included in this Draft Prospectus is derived from the Restated Financial Information, prepared in accordance with the Companies Act and restated in accordance with SEBI (ICDR) Regulations.

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

Our Company's Financial Year commences on April 1 and ends on March 31 of the next year; accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year. The Restated Standalone Financial Information and Restated Consolidated Financial Information for six (6) months period ended September 30, 2017 and for Financial Years ended March 31, 2017; March 31, 2016; March 31, 2015; March 31, 2014; and March 31, 2013 are included in this Draft Prospectus.

There are significant differences between Indian GAAP, U.S. GAAP and IFRS. The reconciliation of the financial information to IFRS or U.S. GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices, Indian GAAP, Ind AS, the Companies Act and the SEBI (ICDR) Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, Ind AS, the Companies Act, the SEBI Regulations on the financial disclosures presented in this Draft Prospectus should accordingly be limited.

Unless otherwise indicated, any percentage amounts, as set forth in this Draft Prospectus, including in sections titled "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 18, 83 and 144 respectively, have been calculated on the basis of the Restated Financial Information prepared in accordance with the Companies Act and restated in accordance with the SEBI (ICDR) Regulations.

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

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Prospectus in "Lakhs" units. One Lakhs represents 1,00,000 and one billion represents 1,000,000,000. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed therein are due to rounding-off.

Exchange Rates

This Draft Prospectus does contain conversion of any other currency amounts into Indian Rupees.

Industry and Market Data

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed, and their reliability cannot be assured. Accordingly, no investment decision should be made based on this information. Although, we believe that the industry and market data used in this Draft Prospectus is reliable, neither the Lead Manager nor any of their respective affiliates or advisors have prepared or verified it independently. The extent to which the market and industry data used in this Draft Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors – Third party statistical and financial data in this Draft Prospectus may be incomplete or unreliable" beginning on page 18 of this Draft Prospectus. Accordingly, investment decisions should not be based on such information.

In accordance with the SEBI (ICDR) Regulations, we have included in the section titled "Basis for Issue Price" beginning on page 68 of this Draft Prospectus, information pertaining to the peer group entities of our Company. Such information has been derived from publicly available data of the peer group companies.

FORWARD LOOKING STATEMENTS

This Draft Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate 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 which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

These forward-looking statements and any other projections contained in this Draft Prospectus (*whether made by us or any third party*) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements to be materially different than those contemplated by the relevant forward-looking statements.

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

1. Our ability to compete effectively;
2. Our Company's inability to meet its substantial working capital requirements or maintain its existing credit facilities;
3. Indian governmental policies regarding the textile sector, various duties and taxes, the monetary and interest rate policies and other policies affecting our Company's business;
4. Our Company's inability to meet the consistent quality requirements of its customers or a change in customer preferences;
5. Competition in the industry that we operate;
6. Regulatory changes pertaining to the industries in India in which our Company has its businesses and our ability to respond to them;
7. Our ability to successfully implement our strategy;
8. Our ability to develop new products that appeal to consumers;
9. General economic and political conditions in India and globally, which have an impact on our business activities;
10. Our ability to attract and retain qualified personnel;
11. Any adverse outcome in legal proceedings in which our Company, our Promoters, Directors or key managerial personnel may be involved;
12. Unanticipated turbulence in interest rates; and
13. Equity prices or other rates or prices, the performance of the financial markets in India and globally.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, please refer to section titled "Risk Factors"; "Our Business"; and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 18; 83; and 144 respectively of this Draft Prospectus.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have

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

Our Company, the Lead Manager, the Syndicate Members or their respective affiliates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Lead Manager will ensure that investors are informed of material developments until the time of the grant of final listing and trading permissions with respect to Equity Shares being offered in this Issue, by the Stock Exchanges. Our Company will ensure that investors are informed of material developments in relation to statements about our Company in this Draft Prospectus, the Prospectus until the Equity Shares are allotted to the investors. Further, in accordance with Regulation 51A of the SEBI (ICDR) Regulations, our Company may be required to undertake an annual updation of the disclosures made in the Draft Prospectus and make it publicly available in the manner specified by SEBI.

SECTION II: RISK FACTORS

Any investment in equity securities & equity related securities involves a high degree of risk. You should carefully consider all of the information in this Draft Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a more complete understanding, you should read this section together with section titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 83 and 144 respectively, as well as the other financial and statistical information contained in this Draft Prospectus.

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

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

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

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

- 1. One of our KMP is a party to a legal proceeding and potential litigation. Any adverse decision in such proceedings may render us/him liable to liabilities/penalties and may adversely affect our business and results of operations.**

A Criminal case has been filed against our Company Secretary Mr. Rajagopalan Venkatakrishnan, under section 304(A) of Indian Penal Code on February 14, 2012 before the Hon'ble Judicial Magistrate Tirunelveli No. V by the Inspector of Police, Manur P.S in connection with a wrongful death of an employee at the Company in which our company secretary was employed earlier (Tri Star HortiTech) as Admin Manager. The matter was last heard on 28 November 2017 and the next hearing is scheduled to be held on 10 April 2018.

- 2. Our company has negative cash flow in the past 3 years. We cannot assure you that we would be able to generate adequate cash flows from various activities of our company in the future.**

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. The cash flow from our operating and investing activities have been negative in the past as detailed below :

| Particulars | March 31, 2017 | March 31, 2016 | March 31, 2015 |
|-------------------------------------|----------------|----------------|----------------|
| Cash Flow from Operating Activities | (2398.67) | (167.23) | (793.07) |
| Cash Flow from Investing Activities | (752.81) | (146.50) | (272.35) |

We cannot assure you that we would be able to generate adequate cash flows from various activities of our company in the future. If we are unable to generate adequate cash flow from the activities of our company, our financial conditions and profitability could be adversely affected.

3. Objects of the Issue have not been appraised by any bank, financial institution or other independent agency and the same are based on internal management estimates.

The objects of the issue have not been appraised by any banks/ financial institutions. There may be changes in costs including due to factors not in control of our Company which may require the Company to revise or cancel the planned expenditures which may have an adverse effect on the business of our Company. Further, the Board of Directors shall have significant flexibility in applying the proceeds of the Issue, which may affect the results of our operations. Our estimated funding requirements are as per our current business plan. The actual operations may differ from the internal management estimates. Therefore, our Company may not be able to deploy funds as planned.

We believe that our Promoter and Management have requisite experience in setting up the operations and we may not face substantial challenges to deploy the Issue Proceeds.

For further details, please see the chapter titled “Objects of the Issue” on page 63 of this Draft Prospectus.

4. There are certain restrictive covenants in the loan agreements of banks in respect of the Term Loans and Working Capital facilities availed by us from them. Banks have sanctioned loans to our company in pursuance of their respective sanction letters. We would be subject to usual and customary restrictive covenants of the term loans and working capital facilities availed by us.

Some of the major restrictive covenants, which are material in nature & our company may need prior approvals from lending banks to conduct any of the following activities:

- Changing or alter the Capital Structure of the Company;
- Entering in to borrowing arrangements, with other Banks, Financial Institutions, and other parties;
- Taking up any new project or large-scale expansion;
- Making investment in or giving loans to subordinates, associate concerns, individuals, and other parties;
- Effecting any Amalgamation or Mergers;
- Paying dividend/making withdrawals, other than out of Current year’s earnings after making due provisions.

Further the company has created a charge on its assets in favor of the bankers. In case of default by the company in repayment of the loans, bankers may exercise their rights over the security, which may be detrimental to the interest of the company. For details on the loan, please refer to the chapter titled “Financial Indebtedness” on page 150 of this Draft Prospectus.

5. Our Directors, promoter/ promoter Group may have interest in our Company, other than reimbursement of expenses incurred or remuneration.

Our Directors, Promoter, Promoter Group may be deemed to be interested to the extent of the Equity Shares held by them, or their relatives, and benefits deriving from their directorship in our Company. Further, our Promoters are interested in the transactions entered between our Company and themselves as well as between our Company and our Group Entities including rent paid to them for properties leased out to the company. For further details, please

refer to the chapters titled “Our Business” and “Our Promoters, Promoter’s Group and Group Companies”, beginning on pages 83 and 117 respectively “Related Party Transactions” on page 120 under chapter titled “Financial Statements” beginning on page 122 of the Draft Prospectus.

6. There may be potential conflict of interests between our company and other venture or enterprises promoted by our promoters or directors.

The sole proprietorship firms formed by our promoters namely Golden Garments and Kanishkvisva Textiles undertake similar business to that of our business, which may create a potential conflict of interest and which in turn, may have an implication on our operations and profits. Though each entity has its independent business and it shall be our endeavor to adopt necessary measures for mitigating these conflicts and hence the same if not managed well, could adversely affect our results of operations and financial condition. Also, our Company does not have any non-compete or such other agreement / arrangement with the above said firms. For further details, please refer to the chapters titled ‘Business Overview’, ‘Group Entities Of Our Company’, beginning on pages 83 and 119, respectively and “Related Party Transactions” on page 120 of this Draft Prospectus.

7. We have applied for registration of few of our brand names and logo but the same is currently pending with the relevant authority. We may be unable to adequately protect our intellectual property. Furthermore, we may be subject to claims alleging breach of third party intellectual property rights.

We have applied for registration of brand name ‘FITNEA’, ‘FEMINEO’, ‘LENARD BURG’ and ‘RED SHIELD’ and artistic label “POMMYS” under the provisions of the Trademarks Act, 1999 and Copyrights Act, 1957 respectively and do not own the same as on date. As such, we do not enjoy the statutory protections accorded to a registered logo/ trademark/ copyright as on date. There can be no assurance that we will be able to register the name/ artistic label in future or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, we cannot assure you that any application for registration of our name/ artistic label in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property. For further details, please see the chapter titled “Government and Other Statutory Approvals” beginning on page 155 of this Draft Prospectus.

8. Our showrooms and factories are situated on leased premises and any termination of such lease/license and/ or non-renewal could adversely affect our operations.

The properties on which our Registered office, factories and showrooms are situated are on a lease and license basis and not owned by us. Some of the lease are for a period of 11 months. Any termination of the licenses whether due to any breach or otherwise, or nonrenewal thereof, could temporarily disrupt our functioning and adversely affect the business operations. For further details, please refer to chapter titled ‘Our Business’ beginning on page 83 of the Draft Prospectus.

Termination of our leases may occur for reasons beyond our control, such as breaches of lease agreements by the landlords of our premises which is detrimental to our operations. If we, our current or future landlords breach the lease agreements, we may have to relocate to alternative premises or shutdown our operations at that site. Once we obtain a lease for a property for a factory/ showroom, we incur significant expenses to install necessary furniture, fittings, lighting, security systems and air conditioning, to ensure such factory/ showroom is designed in line with our brand image. Relocation of any part of our operations may cause disruptions to our business and may require significant expenditure, and we cannot assure you that in such a case, we will be able to find suitable premises on commercially reasonable terms in a timely manner, if at all or we may have to pay significantly higher rent or incur additional expenses towards interiors. Occurrence of any of these factors may materially and adversely affect our business, financial condition, and results of operations.

Further, none of our lease deeds for our properties are registered and further some of our lease deed may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances, or adverse possession rights, improperly executed, unregistered, or insufficiently stamped instruments, or other defects that we may not be aware of.

In the event that these existing leases are terminated or they are not renewed on commercially acceptable terms or at all, we may suffer a disruption in our operations. If alternative premises are not available at the same or similar costs, size or locations, our business, financial condition, and results of operations may be adversely affected.

9. Our business operates under a regulatory regime and we are required to obtain certain approvals, registrations, consents, and licenses from several statutory and regulatory authorities in India, in the ordinary course of business. As on date of this Draft Prospectus, certain approvals and licenses have expired/not applied/pending renewal and in the event, we are unable to obtain these approvals; our business could be adversely affected.

We require number of approvals, licenses, registrations, and permissions for operating our current and future business for which we may have either made or are in the process of making an application or renewal for obtaining necessary approvals. For instance, we are required to obtain registration under respective state specific shops and establishment's legislation and applicable trade licenses, for our stores. Further, our factories are required to obtain several approvals and licenses, with respect to operation and maintenance of such facilities, including but not limited to, factories license, no objection certificate from state fire service authority, weighing machine verification.

In addition, we may need to apply for additional approvals including the renewal of approvals which may expire from time to time, in the ordinary course of business. For details of such approvals, including the approvals/registrations that we have applied for or pending renewal or not applied for see section entitled "Government Approvals" on page 155. In the event that we fail to obtain any such approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure and adhere to periodic reporting or testing and other compliances. We cannot assure you that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to comply with existing regulations, or any change in existing regulations and compliance requirements, could subject us to penal actions including termination of our business and monetary fines and/or increase our compliance costs and in turn, adversely affect our business or results of operations.

10. Compliance with, and changes in, environmental, health and safety laws and regulations may adversely affect our financial condition and results of operations.

We are subject to environmental, health and safety regulations, specifically with respect to our manufacturing facilities. The Government of India (the "GoI") may implement measures towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations may require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our workforce, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or other penalties. Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with

current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

For details with respect to material approvals of our Company, including approvals pending renewal and that have not been applied for, please see the section entitled “Government Approvals” on page 155.

11. Our insurance cover may not adequately protect us against all material hazards.

We have 2 insurance policies covering Buildings, Plant & Machinery, Furniture, Fixture & Fittings and Stocks for the assets in the factories and showrooms for a total insured amount of ₹ 7,801.39 lakhs, details of which are disclosed in the chapter “Our Business” beginning on page 83 of this Draft Prospectus. We believe that we have insured ourselves against the main risks associated with our business. While we believe that the policies that we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part or on time, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all material losses. To the extent that we suffer loss or damage for events for which we are not insured or for which our insurance is inadequate, the loss would have to be borne by us, and, as a result, our results of operations and financial condition could be adversely affected.

12. The loss, shutdown or slowdown of operations at any of our facilities or the under-utilization of any such facilities may have a material effect on our results of operations and financial condition.

Our business and results of operations are dependent on our ability to effectively plan our manufacturing processes and on our ability to optimally utilize our manufacturing capacities for the various products we manufacture. Any disruption to our manufacturing process or the operation of our production facilities may result from various factors beyond our control, including, among others, the following:

- Utility supply disturbances, particularly power supply;
- Forced close down or suspension of our manufacturing facilities due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labor disputes such as strikes and work stoppages, natural disasters and industrial accidents;
- Severe weather condition;
- Interruption of our information technology systems that facilitate the management of our manufacturing facilities; and
- Other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.

Although our production facilities have not experienced any material disruption in the past, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events, or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially affected.

13. Our business is manpower intensive and our business may be affected if we are unable to obtain or retain employees on contract or at commercially attractive costs.

Our success depends on our ability to attract, hire and retain skilled and unskilled labor. Our business is manpower intensive and our continued growth depends in part on our ability to recruit and retain suitable staff. We have faced increasing competition for management and skilled personnel with significant knowledge and experience in the textiles sector in India. There can be no assurance that attrition rates for our employees, particularly our sales personnel, will not increase. A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially affecting our business, results of operations and financial

condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our business. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be affected.

Additionally, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

14. 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” beginning on page 94 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.

15. Our inability to correctly identify and understand changing customer preferences and tastes may affect our business.

It is our endeavor to keep ourselves abreast with the latest fashion trends and to introduce the designs according to the customer preference like comfort, choice etc. to broad base our product portfolio and augment our business. We believe our management expertise lies in designing and styling of our products after identifying fashion trends, customer needs and preferences which are derived from continuous interaction with our customers for their valued feedback. We have consistently endeavored to provide products which are glamorous and stylish coupled with products which render comfort and fit.

16. We sell our products in highly competitive markets and our inability to compete effectively may lead to lower market share or reduced operating margins, and adversely affect our results of operations.

Our Company sells its products in a highly competitive market and faces competition from other brands. To remain competitive in the business we must make continuous efforts to effectively market our products. This may adversely affect our profitability and results of operations. Our Company focuses on design, marketing and branding of our products. We have been able to establish our brand which is launched by us very successfully even while other brands were prevailing in the market. Our continuous efforts towards devising the good marketing strategy coupled with stylish, comfortable and glamorous product portfolio shall enable us to grow our market share and maintain our competitiveness.

17. If we are unable to obtain the necessary funds for our growth plans, our business and results of operations may be adversely affected.

There can be no assurance that debt or equity financing or our internal accruals shall be available or sufficient to fund our growth plans. Financing limitations may restrict our ability to obtain required capital on acceptable terms in addition to other uncertainty. Due to our inability to raise sufficient capital to finance our growth plans, the business of our Company and results of operations may be adversely affected.

18. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, our financial indebtedness and capital expenditures.

Our Company has not paid any dividends in the past and no assurance can be given that we will be able to pay dividends in the future. Our Company has been consistently generating profits. Funds generated by our Company have been utilized for augmenting growth of our business.

19. Majority of our revenue is derived from business in India and any decrease in economic growth in India may cause adverse effect on our business and results of operations

We derive majority of our revenue from our operations in India and, consequently, our performance, quality and growth of our business are dependent on the health of the economy of India. However, the Indian economy may be adversely affected by factors such as adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities or interest rates changes, which may also affect the our industry.

20. We depend on third parties for a major portion of our transportation needs. Any disruptions may affect our operations, business and financial condition.

We rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of raw material from our suppliers and for transportation of our finish products to our showroom. For this purpose, we hire services of transportation companies. However, we have not entered into any definitive agreements with any transport service providers and engage them on a need basis. Additionally, availability of transport solutions in the market we operate in is typically fragmented. We rarely enter into written documentation in relation to the transportation services we hire which poses various additional risks including our inability to claim insurance. Further, the cost of our goods carried by such third party transporters is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods.

Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a time and cost effective manner. Accordingly, our business is vulnerable to increased transportation costs including as a result of increase in fuel costs, transportation strikes, delays, damage or losses of goods in transit and disruption of transportation services because of whether related problems, strikes, lock-outs, accidents, inadequacies in road infrastructure or other events.

Although we have not experienced any disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may be cost inefficient, thereby affecting our operations and profitability.

21. Our Promoters and Directors have given personal guarantees in relation to borrowings made by the Company from Karur Vyasa Bank Limited and Union Bank of India. In the event of default of the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoter's and Director's ability to manage the affairs of the Company which may impact our business, prospects, financial condition and results of the operation.

Our Company has availed Credit facilities from Karur Vyasa Bank Limited. Our Promoters and Directors have provided personal guarantees to secure our existing borrowing, and may post listing continue to provide such guarantees and other security. In case of a default under loan agreements, any of the personal guarantees provided by our Promoters and Directors may be invoked and/or the collateral may also be enforced, which could negatively impact the reputation and network of the Promoters. Also, we may face certain impediments in taking decisions in relation to our company, which in turn would result in a material adverse effect on our financial condition, business, results of our operations and prospects and would negatively impact our reputation. In addition, our Promoters and

Directors may be required to liquidate their shareholding in our Company to settle claims of the lenders, thereby diluting his shareholding in our Company.

22. Our business is working capital intensive and insufficient cash flows or inability to borrow funds to meet our working capital requirements may materially and adversely affect our business and operations.

Our business requires significant amount of working capital. As a result of the high inventory turnover days, we are required to maintain a sufficient stock at all times in order to meet production requirements, thus increasing our storage and working capital requirements. Consequently, there could be situations where the total funds available may not be sufficient to fulfill our commitments, and hence we may need to incur additional indebtedness in the future or utilize cash flows from operations and other activities to satisfy our working capital needs. If we experience insufficient cash flows or are unable to borrow funds on a timely basis, or, at all, to meet our working capital and other requirements, it could materially and adversely affect our business and results of operations.

We have incurred debt primarily to fund our working capital expenditure requirements, and, as we pursue our growth plan, we expect that we will have to raise additional funds by incurring further indebtedness or issuing additional equity to meet our planned capital expenditures. Our ability to raise additional funds is subject to a number of risks, some of which are beyond our control, including the condition of the global capital markets and Indian economy. If we decide to incur more debt, our interest payment obligations will increase, and we may be subject to additional conditions from lenders, which could place restrictions on how we operate our business and result in reduced cash flows. If we decide to issue equity, the ownership interest of our existing shareholders would be diluted. There can be no assurance that we will be able to raise adequate financing on acceptable terms. However, our failure to obtain sufficient financing or maintaining our existing credit facilities could adversely affect our cash flow and financial condition and result in the delay or abandonment of our development plans.

23. Natural disasters and calamities and other adverse conditions could affect the Company's capacity utilization and paddy procurement.

The State of Tamil Nadu has a peculiar topography, rugged terrain, extreme weather conditions and underdeveloped economy, the State has suffered a lot on account of natural disasters. Hazards like earthquakes, floods, fires, droughts and landslides often convert into disasters which are beyond our control.

Our Company's business and operations is vulnerable to such natural disasters and calamities associated with the State of Tamil Nadu. Our Company maintains insurance for its assets which covers them against damages caused from fire and special perils, including floods, storms, riots, strikes and earthquakes. If a natural disaster was to occur which is not covered by insurance, our Company's business, results of operations and financial condition could be adversely affected.

24. The success of our business is substantially dependent on the services of our Promoters and certain key management personnel, the loss of whom could adversely affect our business.

Our Promoters, Mr. Kumarsamy Raja and Mr. A Inico Inbaraj, has extensive experience in the textile business and has been responsible for the growth of our business and is closely involved in the overall strategy, direction and management of our business. Mr. Kumarsamy Raja and Mr. A Inico Inbaraj, have over twenty (20) years of experience in the textile business and has been instrumental in developing and expanding our domestic and export operations. We also depend on our senior management, Directors and other key personnel for our continued success. Some of these individuals have significant experience in the rice and other export-facing industries and possess skills and understanding of how the businesses within our industry operate. We do not maintain key man insurance for any of the senior members of our management team or our Directors or other key personnel. The loss or inability of any of these individuals could adversely affect our business.

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

Our Company has entered into related party transactions in ordinary course of its business at arm's length basis. We cannot assure you that any future related party transactions that would be entered into by our Company may be on favorable terms as against if such transactions would have been entered into with unrelated parties. Further, the Companies Act, 2013 has brought into effect significant changes to the Indian company law framework including specific compliance requirements such as obtaining prior approval from audit committee, board of directors and shareholders for certain related party transactions. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect the business, results of operations and financial condition of our Company. For further details of related party transactions, please refer to section titled "Related Party Transactions" on page 120 in the section titled "Financial Information" beginning on page 122 of this Prospectus.

26. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, results of operations, financial condition and prospects.

The regulatory and policy environment in which we operate is evolving and subject to change. Our business is subject to a significant number of state tax regimes and changes in legislations governing them, implementing them or the regulator enforcing them in any one of those jurisdictions could adversely affect our results of operations. The applicable categories of taxes and tax rates also vary significantly from state to state, which may be amended from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and 26 the timing and nature of income earned and expenditures incurred. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government or State Governments that affect our industry include GST, income tax and other taxes, duties or surcharges introduced from time to time and any adverse changes in any of the taxes levied by the Government or State Governments could adversely affect our competitive position and profitability. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Goods and Services Tax ("GST") has been introduced and implemented on July 1, 2017 in the whole of India. GST is a unified and comprehensive indirect tax which would subsume the multiple indirect taxes currently levied by the central and state governments. India has adopted a dual model of GST. Therefore, under the GST regime, a tax called the Central Goods and Services Tax ("CGST") along with State Goods and Services Tax ("SGST") or Union Territory Goods and Services Tax ("UTGST") has been simultaneously levied on all intra-state supplies of goods and/or services at the rates specified in this regard. Further, Integrated Goods and Services Tax ("IGST") is levied on all supplies of goods and/or services made in the course of inter-State trade or commerce. GST regime is an attempt to combine taxes and levies by the Central and State Governments into a unified rate structure.

Further, the General Anti Avoidance Rules ("GAAR") have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences which may have an adverse tax impact on us.

On November 8, 2016, the GoI withdrew the legal tender of the ₹500 and ₹1,000 denominations of bank notes. Pursuant to this currency demonetisation, these high denomination notes have no value and cannot be used for transactions or exchange purposes. These notes were replaced with a new series of bank notes of ₹500 and ₹2,000 denominations through banks. In an effort to monitor replacement of demonetized notes, the GoI had specified limits for exchange and withdrawal of currency all over India. The process of demonetization and replacement of these high denomination notes has significantly reduced the liquidity in the Indian economy being a cash-based economy. There was substantial impact on predominantly cash-based businesses and unorganised sectors in particular.

Uncertainty in the interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

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

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

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

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions specified by the RBI, then the prior approval of RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further details, please refer to section titled "Restrictions on Foreign Ownership of Indian Securities" beginning on page 202 of this Draft Prospectus.

29. Our company has not followed Accounting Standard-15 regarding Employee Benefits prescribed by the Institute of Chartered Accountants of India(ICAI)

The Accounting policy followed by us is not in conformity with the Accounting standard prescribed by the Institute of Chartered Accountants of India ICAI, regarding disclosure of Present value of obligations with respect to the retirement benefits such as Gratuity to be paid to the employees .The accounting standard stipulates that these liabilities should be accounted in the books on Accrual Basis.

Risks Related to the Issue

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

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

variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

2. The price of our Equity Shares may be volatile, and you may be unable to sell your Equity shares at or above the Issue Price, or at all.

Prior to this public issue, there has been no public market for our Equity Shares. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue. The market price of the Equity Shares after the Issue may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions, developments relating to India and volatility in the Stock Exchange and securities markets elsewhere in the world. However, our Company has appointed Keynote Capitals Limited as Market Maker for compulsory market making for a period of 3 years from the date of listing as per the regulations applicable to the SME platforms under SEBI (ICDR) Regulations.

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

Subsequent to the Issue, we will be subject to a daily "circuit breaker" imposed by NSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The NSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit limit, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

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

Under the SEBI (ICDR) Regulations, we are permitted to allot Equity Shares within six (6) Working Days of the Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your dematerialized account with the Depository Participants until fifth (5) Working Days after the Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchange.

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

The Issue Price of the Equity Shares will be determined by our Company in consultation with the Lead Manager. This price will be based on numerous factors, as described under section titled "Basis for Issue Price" beginning on page 68 of this Draft Prospectus and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price.

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

After the completion of the Issue, our Promoters and significant shareholders will own, directly and indirectly, approximately 69.68 % of our outstanding Equity Shares. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us may dilute your shareholding in our Company; adversely

affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in the section titled "Capital Structure" beginning on page 49 of this Draft Prospectus, no assurance may be given that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

Prominent Notes to Risk Factors

1. Public Issue of 75,00,000 equity shares of face value of ₹ 10 each ("**Equity Shares**") of Pommys Garments (India) Limited ("**Company**" or "**Issuer**") for cash at a price of [●] per equity share (including a share premium of ₹[●] per equity share) aggregating up to ₹[●] Lakhs (the "**Issue**"). The Issue comprises of upto 3,75,000 equity shares of face value ₹ 10 each for cash at a price of ₹ [●] per Equity Share, aggregating ₹[●] Lakhs which will be reserved for subscription by the Market Maker to the issue (the "**Market Maker Reservation Portion**"). The Issue less Market Maker Reservation Portion i.e. Issue of 71,25,000 Equity Shares of face value of ₹10 each for cash at a price of ₹[●] per Equity Share, aggregating ₹[●] is hereinafter referred to as the "**Net Issue**". The Issue and the Net Issue will constitute 30.32 % and 28.80 % respectively of the post Issue paid-up equity share capital of our Company.
2. For six (6) months period ended September 30, 2017 and as at March 31, 2017 and March 31, 2016 our Company's net worth was ₹3,521.60 Lakhs, ₹3,034.11 Lakhs and ₹655.23 Lakhs respectively as per our Company's Restated Standalone Financial Statements.
3. For six (6) months period ended September 30, 2017 and as at March 31, 2017 and March 31, 2016, the net asset value per Equity Share was ₹18.86, ₹17.60 and ₹130.00 respectively as per our Company's Restated Standalone Financial Information.
4. The average cost of acquisition of Equity Shares by Mr. Kumarsamy Raja and Mr Inico Inbaraj is ₹ 16.71 and ₹ 22.92 For further details, please refer to section titled "Capital Structure" beginning on page 49 of this Draft Prospectus. The average cost of acquisition per Equity Share by our Promoters has been calculated by taking the average of the amounts paid by each of our Promoters to acquire the Equity Shares.
5. Our company was originally incorporated on December 03, 2009 in the state of Tamil Nadu as a private limited company under the name and style of "**POMMYS GARMENTS (INDIA) PRIVATE LIMITED**" and received a certificate of incorporation. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 23, 2017, our company was converted into a public limited company and the name of the Company was changed to "**POMMYS GARMENTS (INDIA) LIMITED**". A fresh certificate of incorporation dated November 09, 2017 was issued by the RoC to effect the name.
6. Apart from Golden Garments and Kanishkvisva Textiles, our Company does not have any Group Entities as on the date of this Draft Prospectus.
7. There has been no financing arrangement whereby our Promoter Group, directors of our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the business of the financing entity during the period of six (6) months immediately preceding the date of filing of the Draft Prospectus.
8. For any complaints, information or clarifications pertaining to the Issue, investors may contact the Lead Manager who has submitted the due diligence certificate to SEBI.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

The information in this chapter has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

All financial and statistical data in the following discussion is derived from publicly available documents from various sources, including the websites of the Ministry of Textile and India Brand Equity Foundation. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue have verified this information.

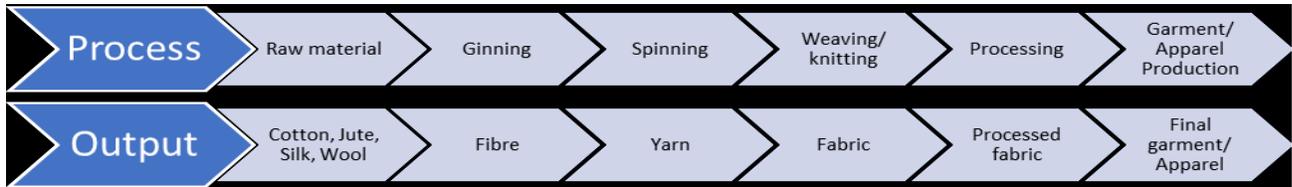
Introduction:

The Textile Sector in India ranks next to Agriculture. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. The textile industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

Textile Industry is providing one of the most basic needs of people and the holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy. The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. So much so, the textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be stated to be around another 60 million.

A textile is the largest single industry in India (and amongst the biggest in the world), accounting for about 20% of the total industrial production. It provides direct employment to around 20 million people. Textile and clothing exports account for one-third of the total value of exports from the country. There are 1,227 textile mills with a spinning capacity of about 29 million spindles. While yarn is mostly produced in the mills, fabrics are produced in the powerloom and handloom sectors as well. The Indian textile industry continues to be predominantly based on cotton, with about 65% of raw materials consumed being cotton. The yearly output of cotton cloth was about 12.8 billion m (about 42 billion ft). The manufacture of jute products (1.1 million metric tons) ranks next in importance to cotton weaving. Textile is one of India's oldest industries and has a formidable presence in the national economy inasmuch as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. They include cotton and jute growers, artisans and weavers who are engaged in the organised as well as decentralised and household sectors spread across the entire country.

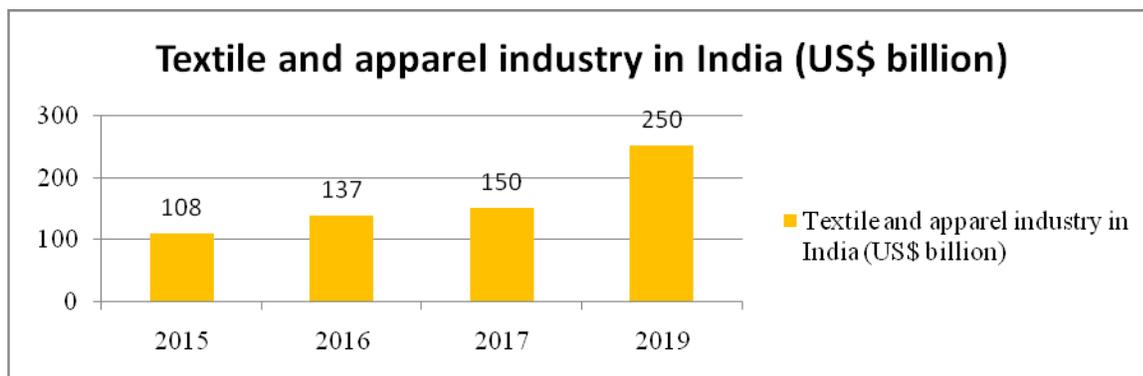
KEY SEGMENTS OF TEXTILE INDUSTRY:



KEY FACTS OF TEXTILE INDUSTRY:

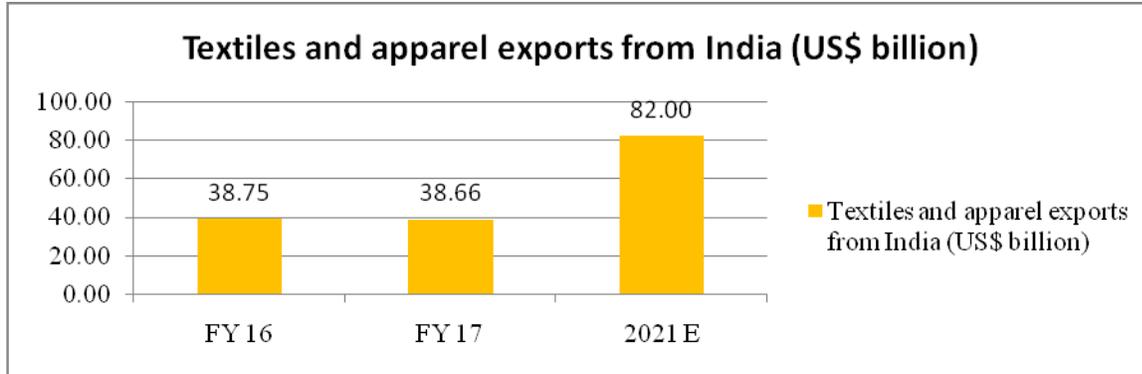
- The fundamental strength of the textile industry in India is its strong production base of wide range of fibre / yarns from natural fibres like cotton, jute, silk and wool to synthetic / man-made fibres like polyester, viscose, nylon and acrylic.
- India’s textiles industry contributes 10 per cent to the manufacturing production of India.^
- It contributes 2 per cent to the GDP of India and employs more than 45 million people.^
- The sector contributes 13 per cent to the export earnings of India.^
- With production of 6,106 million kg, India was the largest producer of cotton in 2016-17.
- India is the 2nd largest producer of Manmade Fibre and Filament, globally, with production of around 2,11 million kg in 2016-17¹.

KEY FACTS OF TEXTILE INDUSTRY:



- Rising per capita income, favorable demographics and a shift in preference to branded products to boost demand.

- The domestic textile industry in India is projected to reach US\$ 250 billion by 2019 from US\$ 150 billion in July 2017.



- Favorable trade policies and superior quality to drive textile exports.
- Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021 from US\$ 36.66 billion in FY17.

Key Markets and Export Destinations

The main markets for Indian textile and apparel exports are:

- United States
- European Union
- Parts of Asia
- Middle East

In the near future, India's apparel exports to developed markets are expected to increase considerably. Apparel exports from India are expected to reach US\$ 82 billion by 2021 and total cloth production in India is expected to reach 112 billion square metres by FY17. In 2013-14, India exported apparels worth of US\$ 14.93 Bn.

Apparel Export Promotion Council

The Apparel Export Promotion Council (AEPC) is the official body of apparel exporters that provides assistance to Indian exporters, as well as to importers/international buyers choosing India as their preferred sourcing destination for garments.

Source: India Brand Equity Foundation.

SUMMARY OF OUR BUSINESS

Business Overview

Our company was originally incorporated on December 03, 2009 in the state of Tamil Nadu as a Private Limited Company under the name and style of “**POMMYS GARMENTS (INDIA) PRIVATE LIMITED**” and received a certificate of incorporation. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 23, 2017, our company was converted into a Public Limited Company and the name of the Company was changed to “**POMMYS GARMENTS (INDIA) LIMITED**”. A fresh certificate of incorporation dated November 09, 2017 was issued by the RoC to affect the name change.

Our Company is one of the leading garment manufacturer based in Rajapalayam City, Tamil Nadu, specializing in women’s clothing. The brand “POMMYS” has built a strong goodwill for itself in the domestic market and commands a premium. Our company is into manufacturing and marketing of various garments such as Night Dress, Ladies Innerwear, Leggings, Kurtis and Skirts. The Company expanded its product portfolio by adding other garments like Frocks for kids during August 2013 and Shirts for men during September 2016.

The company’s focus is on wholesaling of Pommys’s branded clothing for both women and children, and Shirt manufacturing. The emphasis of the company has been on the use of quality materials and conforming to high quality control standards which ensures that the manufactured goods are of the highest quality and consistency, thereby earning the trust and confidence of our customers. Pommys remains dedicated towards producing only the highest quality designs. As part of our emphasis to involve our clients in the production process, we go the extra mile to develop samples and produce patterns to ensure that our clients’ concepts are fully captured in our products.

During the year 1998, the promoters Mr. A.Inico Inbaraj and Mr. K. Raja joined hands and started their business at a rented place measuring 300 sq.ft with 2 tailors to manufacture ladies In-Skirts. In the year 1999, Nighties became the most popular wearable product among the lady folks in Tamil Nadu. The garment unit which was run by the promoters changed its focus into product orientation and moved towards manufacture of Nighties. Our design and production unit kept introducing Nighties with latest trendiest patterns and designs which attracted more customers and thereby boosting our company’s turnover. The increase in demand stimulated the need to increase the production level as well. To attain the required production levels, in the year 2005, our promoters set up a new manufacturing facility in an area of 6,000 sq. ft at Dhalavaipuram and started production activities. Thereafter during 2008, our promoters acquired 1.63 acres of land at near the existing factory and set up 20,000 sq. ft facilities for garment manufacturing activities. Currently we operate our garment factory in Dhalavaipuram, with a combined strength of around 400 tailors who stitch quality garments and breathe designs into our apparels. Our average operational capacity each year from our factory totals up to over a twenty lakh pieces of quality garments. The company also posses the ability to increase its operational capacity as and when required on the basis of customer demands. Apart from the manufacturing activity undertaken by the company, the company also gets job work done for Innerweares.

Our Company has 50 Retail Outlets out of which 12 are Pommys Boutiques where all kinds of wearable and inner garments exclusively for ladies are sold, 5 are Pommys Silks - Family Shops where all types of wearable of various brands for the entire family can be purchased and the rest are EBO’s (Exclusive Brand Outlets) featuring garments of “POMMYS” brand. With presence in more than 25 cities, Pommys Retail is one of Tamil Nadu’s largest fashion destinations, selling more than two lakhs garments a month. The company is presently supplying its products to over 400 textile showrooms throughout the state of Tamil Nadu. Our Company has been felicitated with Best supplier Award – SAM’06 (2006), INDIA SME 100 Awards (2015-2016), Global SME Award and India 5000 Best MSME award (2017).

For the year ended March 31, 2017, we had sales of ₹ 15,463.86 Lakhs and Net Profit after tax of ₹ 96.42 Lakhs, as compared to Sales of ₹ 12,536.60 Lakhs and Profit after tax of ₹ 58.90 Lakhs for the year ended March 31, 2016. For the six months period ended September 30, 2017 we had sales of ₹ 12,619.49 Lakhs and Net Profit after tax of ₹ 211.02 Lakhs.

Our Competitive Strength

We believe that the following are our primary competitive strengths:

Experienced promoter and management team

Our Promoters Mr. A.Inico Inbaraj and Mr. K.Raja, possess over two decades of work experience in the garment industry. The promoters are actively involved in the operations of the company and have been instrumental in the company's growth trajectory. Apart from the promoters, the company is also supported by a team of experienced professionals in the field of production and marketing and has been associated with the company for over a decade. We believe that our ability to attract and retain our key management personnel is a key to the growth of our company.

Design expertise, with a pulse on fashion

Creative team of artisans and master tailors are the backbone of Pommys's success. Our design and production unit keep on introducing Nighties which are in line with the latest trendiest patterns and designs thereby ensuring our clients' concepts are fully captured in our products. We are one of the few manufacturers in India who are capable of manufacturing custom-made items for our clients with quick turnaround time. Our quality assurance and fastidiousness to adhere to clients specifications has won the trust of our customers.

Strong brand recall in the state of Tamil Nadu

The brand "POMMYS" has built a strong goodwill for itself in the domestic market and commands a premium for its quality products. We regularly advertise **Pommys Brand** on public media like Satellite Channels, Radio Channels & other print media. Our company has roped in Tamil Cine Actress Ms. Devayani as a Model and the **Brand Ambassador of Pommys Brand**. This has helped our brand to penetrate each and every household in Tamil Nadu thereby leading to a strong brand recall for the company's products

Strong Marketing and Distribution network

Our Company has 50 Retail Outlets out of which 12 are Pommys Boutiques where all kinds of apparels and inner garments exclusively for ladies are sold, 5 are Pommys Silks - Family Shops where all types of apparels of various brands for the entire family can be purchased and rest are EBOs (Exclusive Brand Outlets) featuring garments of "POMMYS" brand. With a presence in more than 25 cities, Pommys Retail is Tamil Nadu's one of the largest fashion destinations, selling more than two lakh garments a month. Besides this, our company is also supplying its products to over 400 textile showrooms throughout the state of Tamil Nadu and Pondicherry. The company also sells its products online through its website.

Strong sourcing capabilities

The company for the purpose of manufacturing its products procures its raw materials from the states of Maharashtra, Gujarat, Rajasthan and Tamil Nadu. Over a span of twenty years, the company has garnered market intelligence to obtain quality products with unique designs at low cost. In addition to this, the company also procures apparels for trading from vendors all over India. These apparels are handpicked to be in line with the latest trends and popular demand of our customers.

The company is able to enjoy high discounts on the apparels purchased for trading owing to bulk purchases for distribution through its sales channels.

Our company also sources its products namely Silk and Cotton Sarees directly from weavers keeping in mind the taste and preferences of our customers thereby enabling the company to shorten the marketing and sales channel giving it an advantage over its competitors.

Our Strategies

Our business strategy focuses on the following:

Backward Integration

Presently, the company sources fabrics from third party suppliers located in various parts of the country. The company in the near future proposes to purchase yarn and supply to weaving factories to get the fabrics manufactured. With the fabric so produced, the company shall provide details of designs, prints and colours and get the cloth manufactured on a job work basis. In this process, the company estimates incurring of lower cost of production resulting in higher net margins. This will also provide a competitive edge in feeding the markets with special designs and prints on cloth. The entire above mentioned process is proposed to be done under the direct supervision of the promoters of the company, thus the quality of the end product shall be ensured on a sustainable basis.

Expand our product portfolio

We plan to leverage on our brand Pommys and expand our product portfolio. Presently the major items manufactured by us include Nighties, Night Suit and Inskirts. We propose to increase the production of Kurties, Brassieres and Panties. We also propose to increase the production of Shirts under the brand name LB

Expand our geographical presence

Presently we sell our products through our retail outlets and other stores in Tamil Nadu and Pondicherry. We propose to set up more than 15 retail outlets in the next financial year. The said new outlets shall be located in the area uncovered in Tamil Nadu and other southern states viz. Kerala, Karnataka, Andhra Pradesh and Telangana. It is also proposed to expand its distribution network by appointing district wise distributors at pan India level. The company proposes to expand its business by appointing distributors to deal in the company's products in the overseas market namely in the region of Malaysia, Sri Lanka and Singapore.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the Restated Financial Statements for the financial years ended March 31, 2017, 2016, 2015, 2014, 2013 and for the six months period ended September 30, 2017 and are presented under section titled "Financial Statements" beginning on page 122 of this Draft Prospectus. The summary financial statements presented below should be read in conjunction with the Restated Financial Statements, the notes and annexure thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 144 of this Draft Prospectus.

Restated Standalone Financials

Annexure I – Statement of Assets and Liabilities, as restated

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | EQUITY AND LIABILITIES | | | | | | |
| 1. | Shareholder's Funds | | | | | | |
| a. | Share Capital | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.93 |
| b. | Reserves & Surplus | 1,527.87 | 1,310.38 | 604.83 | 497.48 | 369.23 | 233.07 |
| 2. | Share Application Money Pending Allotment | - | - | - | 59.51 | 74.45 | 66.70 |
| 3. | Non Current Liabilities | | | | | | |
| a. | Long Term Borrowings | 2,436.61 | 2,504.75 | 1,293.96 | 947.78 | 789.66 | 402.19 |
| b. | Deferred Tax Liabilities | 28.45 | 28.45 | 19.45 | - | - | - |
| 4. | Current Liabilities | | | | | | |
| a. | Short Term Borrowings | 2,926.73 | 2,642.30 | 2,617.74 | 2,300.26 | 1,162.51 | 794.96 |
| b. | Trade Payables | 935.95 | 565.36 | 618.65 | 301.11 | 75.35 | 269.01 |
| c. | Other Current Liabilities | 519.28 | 201.06 | 63.39 | 114.29 | 0.94 | 0.54 |
| d. | Short Term Provisions | 142.15 | 47.79 | 21.34 | 0.65 | 12.26 | 10.08 |
| | TOTAL | 10,240.77 | 9,023.82 | 5,289.76 | 4,263.96 | 2,519.83 | 1,799.48 |
| | ASSETS | | | | | | |
| 5. | Non Current Assets | | | | | | |
| a. | Fixed Assets | | | | | | |
| i. | Tangible Assets | 2,120.44 | 1,795.79 | 1,056.87 | 911.89 | 639.54 | 444.94 |
| ii. | Less: Accumulated Depreciation | 422.40 | 363.26 | 308.83 | 249.88 | 168.60 | 117.05 |
| iii. | Capital Work in Progress | - | - | - | - | - | 25.16 |
| iv. | Net Block | 1,698.04 | 1,432.53 | 748.04 | 662.01 | 470.94 | 353.05 |
| b. | Long Term Loans and Advances | 629.31 | 530.76 | 216.33 | 172.96 | 85.36 | 4.75 |
| 6. | Current Assets | | | | | | |
| a. | Inventories | 7,605.34 | 6,736.59 | 3,316.54 | 2,316.31 | 1,542.53 | 1,096.59 |
| b. | Trade Receivables | 216.88 | 247.13 | 932.01 | 1,058.28 | 402.48 | 324.95 |
| c. | Cash and Cash Equivalents | 87.44 | 59.95 | 75.00 | 52.67 | 10.81 | 16.22 |
| d. | Short Term Loans and Advances | 3.76 | 16.85 | - | 1.73 | 7.71 | 3.92 |
| e. | Other Current Assets | - | - | 1.84 | - | - | - |
| | TOTAL | 10,240.77 | 9,023.82 | 5,289.76 | 4,263.96 | 2,519.83 | 1,799.48 |

Annexure II – Statement Profit and Loss, as restated
(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|-----------|---|----------------|-----------------|-----------|----------|----------|----------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| A. | INCOME | | | | | | |
| 1. | Revenue from Operations | 12,619.49 | 15,463.86 | 12,536.60 | 8,420.83 | 5,777.41 | 4,847.52 |
| 2. | Other Income | 0.02 | 10.34 | 16.29 | - | 0.44 | 8.06 |
| | Total Income (A) | 12,619.51 | 15,474.20 | 12,552.89 | 8,420.83 | 5,777.85 | 4,855.58 |
| B. | EXPENDITURE | | | | | | |
| 3. | Cost of Materials Consumed | 10,919.91 | 13,925.72 | 11,239.95 | 7,741.72 | 5,163.70 | 4,274.60 |
| 4. | Employee Benefit Expenses | 317.21 | 240.84 | 205.38 | 61.49 | 197.62 | 190.59 |
| 5. | Finance Costs | 335.24 | 390.37 | 362.80 | 248.08 | 150.02 | 122.39 |
| 6. | Depreciation and Amortization Expenses | 59.14 | 68.63 | 60.58 | 81.28 | 51.55 | 47.98 |
| 7. | Other Expenses | 682.63 | 695.43 | 584.48 | 227.01 | 174.24 | 189.48 |
| | Total Expenses (B) | | | | | | |
| C. | Profit before Exceptional Items, Extraordinary Items and Tax (A-B) | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 | 30.54 |
| D. | Exceptional Items and Extraordinary Items | - | - | - | - | - | - |
| E. | Profit before Tax | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 | 30.54 |
| F. | Tax Expense | | | | | | |
| 8. | Current Tax | 94.36 | 47.79 | 21.34 | - | 11.61 | 10.08 |
| 9. | Deferred Tax Liability | - | 9.00 | 11.82 | - | - | - |
| 10. | Deferred Tax Liability of earlier years | - | - | 7.63 | - | - | - |
| | Total Tax Expense (F) | 94.36 | 56.79 | 40.79 | 0.00 | 11.61 | 10.08 |
| G. | Profit for the year (E-F) | 211.02 | 96.42 | 58.91 | 61.25 | 29.11 | 20.46 |
| H. | Earnings per equity share: | | | | | | |
| | Basic (₹) | 1.22 | 9.51 | 12.26 | 14.59 | 8.03 | 8.92 |
| | Diluted (₹) | 1.22 | 9.51 | 12.26 | 14.59 | 8.03 | 8.92 |

Annexure III – Statement of Cash Flow, as restated

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|-----------|---|-----------------|-------------------|-----------------|-----------------|-----------------|----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| A. | Cash flow from Operating Activities | | | | | | |
| 1. | Net Profit Before Tax as per Profit and Loss Account | 305.38 | 153.21 | 99.69 | 61.25 | 40.72 | 30.54 |
| 2. | Adjustments for: | | | | | | |
| a. | Depreciation & Amortization Expenses | 59.14 | 68.63 | 60.58 | 81.28 | 51.55 | 47.98 |
| b. | Interest Expenses | 335.24 | 390.37 | 362.8 | 248.08 | 150.02 | 122.39 |
| c. | Interest Income | 0 | -0.31 | (0.11) | 0 | 0 | 0 |
| 3. | Operating Profit Before Working Capital Changes | 699.76 | 611.90 | 522.96 | 390.61 | 242.29 | 200.91 |
| 4. | Adjustment for increase/ decrease in: | | | | | | |
| a. | Short Term Provisions | - | - | - | - | - | - |
| b. | Trade Receivables | 30.25 | 684.88 | 126.27 | -655.8 | -77.53 | -27.03 |
| c. | Inventories | (868.75) | (3,420.05) | (1,000.23) | (773.78) | (445.93) | (193.56) |
| d. | Short Term Loans & Advances | 13.09 | (15.01) | (0.11) | 5.99 | (3.80) | - |
| e. | Loans & Advances & Other Current Assets | (98.56) | (314.43) | (43.38) | (87.59) | (80.62) | (6.01) |
| f. | Trade Payables | 370.59 | (53.30) | 317.55 | 225.75 | (193.66) | 86.26 |
| g. | Other Current Liabilities & Short Term Provisions | 412.58 | 164.12 | (30.23) | 101.74 | 2.59 | 9.68 |
| 5. | Cash Generated From Operations | 558.96 | (2,341.89) | (107.17) | (793.08) | (556.66) | 70.25 |
| 6. | Net Income Tax Paid/ Refunded | (94.36) | (56.78) | (60.06) | - | (17.06) | (16.71) |
| 7. | Net Cash Flow from Operating Activities (A) | 464.60 | (2,398.67) | (167.23) | (793.07) | (573.72) | 53.54 |
| B. | Cash Flow from Investing Activities | | | | | | |
| 1. | Net (Purchases)/ Sales of Fixed Assets (including CWIP) | (324.64) | (753.12) | (146.61) | (272.35) | (169.43) | (57.02) |
| 2. | Interest Income | 0 | 0.31 | 0.11 | 0 | 0 | 0 |
| 3. | Net Cash Flow from Investing Activities (B) | (324.64) | (752.81) | (146.50) | (272.35) | (169.43) | (57.02) |

| | | | | | | | |
|-----------|--|----------|----------|----------|----------|----------|----------|
| C. | Cash Flow from Financing Activities | | | | | | |
| 1. | Increase in Capital | - | 1,673.33 | 7.53 | 7.44 | 12.50 | 7.20 |
| 2. | Increase in Securities Premium Account | - | 763.16 | 67.73 | 67.00 | 112.50 | 64.80 |
| 3. | Adjustment in reserves for share allotment and taxes | 6.48 | (154.03) | - | - | - | - |
| 4. | Share application money pending allotment | - | - | (59.51) | (14.94) | 7.75 | 13.54 |
| 5. | Net Increase/ (Decrease) in Borrowings | (68.14) | 1,210.78 | 346.18 | 158.12 | 387.46 | (15.52) |
| 6. | Net Increase/(Decrease) in Other short term Borrowing | 284.43 | 24.56 | 317.48 | 1,137.75 | 367.55 | 8.51 |
| 7. | Net Increase/(Decrease) in Term Liabilities | - | 9.00 | 19.45 | - | - | - |
| 8. | Interest paid | (335.24) | (390.37) | (362.80) | (248.08) | (150.02) | (122.39) |
| 9. | Net Cash Flow from Financing Activities (C) | (112.47) | 3,136.43 | 336.06 | 1,107.29 | 737.74 | (43.86) |
| D. | Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C) | 27.49 | (15.05) | 22.33 | 41.87 | (5.41) | (47.34) |
| E. | Cash & Cash Equivalents As At Beginning of the Year | 59.95 | 75.00 | 52.67 | 10.8 | 16.21 | 63.56 |
| F. | Cash & Cash Equivalents As At Close of the Year (D+E) | 87.44 | 59.95 | 75.00 | 52.67 | 10.80 | 16.22 |

THE ISSUE

The following is the summary of the Issue.

| | |
|--|--|
| Issue of Equity Shares | Up to 75,00,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●] Lakhs. |
| <i>Out of which:</i> | |
| Market Maker Reservation Portion | Up to 3,75,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●] Lakhs. |
| Net Issue to the Public | Up to 71,25,000 Equity Shares of ₹10 each fully paid-up of our Company for cash at a price of ₹[●] per Equity Share aggregating to ₹[●] Lakhs. |
| <i>Out of which:</i> | |
| Non-Retail Portion | 35,62,500 Equity Shares constituting not less than 50.00 % of the Issue |
| | |
| Retail Portion | 35,62,500 Equity Shares constituting not less than 50.00 % of the Issue |
| Pre and Post-Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 1,72,37,290 Equity Shares of ₹10 each |
| Equity Shares outstanding after the Issue | 2,47,37,290 Equity Shares of ₹10 each |
| | |
| Objects of the Issue | Please refer to the section titled "Objects of the Issue" beginning on page 63 of this Draft Prospectus. |

- (1) *This issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations. For further details, please refer to section titled "Issue Related Information" beginning on page 171 of this Draft Prospectus.*
- (2) *The present issue has been authorised by our Board by way of resolution passed at its meeting held on December 15, 2017 and by our Shareholders by way of a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the EGM held on December 30, 2017.*



GENERAL INFORMATION

Our company was originally incorporated on December 03, 2009 in the state of Tamil Nadu as a private limited company under the name and style of “**POMMYS GARMENTS (INDIA) PRIVATE LIMITED**” and received a certificate of incorporation bearing CIN: U18101TN2009PTC073775 from RoC. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 23, 2017, our company was converted into a public limited company and the name of the Company was changed to “**POMMYS GARMENTS (INDIA) LIMITED**”. A fresh certificate of incorporation dated November 09, 2017 was issued by the RoC to effect the name change wherein the CIN of the company was changed to U18101TN2009PLC073775. For details of changes in name and registered offices of our Company, please refer to the section titled "History and Certain Corporate matters" beginning on page 98 of this Draft Prospectus.

Registered Office of our Company

POMMYS GARMENTS (INDIA) LIMITED

5/13 B, Pommys Nagar, Seithur Road,
Dhalavaipuram, Virudhunagar District,
Tamil Nadu - 626 188
CIN: U18101TN2009PLC073775
Telephone/ Fax: +91 (0) 4563-244615
Website: www.pommys.in
Email id: cs@pommys.in

Designated Stock Exchange

Emerge Platform of National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (East),
Mumbai 400 051,
Maharashtra, India.

Address of the Registrar of Companies

The Registrar of Companies, Chennai, Tamil Nadu situated at Block No.6, B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai - 600034, Tamil Nadu, India.

Board of Directors

Our Company's board comprises of the following Directors:

| Name, Nature of Directorship and DIN | Age | Residential Address |
|---|----------|---|
| Mr. A InicoInbaraj Managing Director DIN No: 06617977 | 45 years | 44-F, Parai Kovil, St Chettiarpatti, Tamil Nadu 626112. |
| Mr. Kumarasamy Raja Chairman and Chief Executive Officer DIN No: 02798434 | 43 years | 365, Jayasakthi Nagar, Kommanthapuram, Chettiar Patti, Virudhunagar 626112. |
| Mrs. Shyamaladevi Raja Whole time director and Chief Financial Officer DIN No: 07952516 | 39 years | 365, Jayasakthi Nagar, Kommanthapuram, Chettiar Patti, Virudhunagar 626112. |

| Name, Nature of Directorship and DIN | Age | Residential Address |
|---|----------|--|
| Mrs. Neelapushpam Inico Inbaraj Whole time director and Vice President DIN No: 07952733 | 38 years | 44-F, Parai Kovil, St Chettiarpatti, Tamil Nadu 626112. |
| Mr. Mahilan Irulappan Independent Director DIN No: 07859190 | 47 years | 11/208, Manali Thattuvelai, Swamiyarmadam, Kattathurai, Kanniyakumari- 629158. |
| Mr. Suresh Bohra Independent Director DIN No: 08036243 | 43 years | 18, Lokamaniya Street, East,R.S.Puram, South Coimbatore - 641002. |
| Mr. Dinakaran Rajachandran Independent Director DIN No: 08036234 | 45 years | Old No – 49B New No -6, 1 st East Cross Street Amaravathi Nagar Arumbakkam – 600106. |
| Mr. Karuppaiah Ganesammal Independent Director DIN No: 07153242 | 44 years | 49/36, Pattaitthar Street, Main Road, Pettavaithalai Post, Srirangam Taluk, Tiruchirappalli, 639112. |

For further details of the Board of Directors, please refer to the section titled "Our Management" beginning on page 103 of this Draft Prospectus.

Company Secretary and Compliance Officer

Mr. V Rajagopalan

5/13 B, Pommys Nagar, Seithur Road,
Dhalavaipuram, Virudhunagar District,
Tamil Nadu - 626 188
Telephone: +91 (0) 4563-244615
Email id: cs@pommys.in

| Lead Manager | Legal Counsel to the Issue |
|--|---|
| Keynote Corporate Services Limited The Ruby, 9 th Floor Senapati Bapat Marg, Dadar (West) Mumbai 400 028, India. Telephone: +91 22 3026 6000 Facsimile: +91 22 3026 6088 Email: mbd@keynoteindia.net Investor grievance email: info@keynoteindia.net Contact Person: Mr. Chirag Dave Website: www.keynoteindia.net SEBI Registration Number: INM000003606 | LSA Law Advisor LLP No: 81, Greams Road, MNO Complex, Chennai – 600006 Telephone: +91 44 28292272/73 Facsimile: +91 44 42142061 Email: admin@lsa-india.com Investor grievance email: admin@lsa-india.com Contact Person: Ms. Lakshmmi Subramanian Website: www.lsa-india.com |

| Registrar to the Issue | Statutory Auditors |
|--|---|
| <p>Cameo Corporate Services Limited 'Subramanian Building', No.1, Club House Road, Chennai-600 002. Phone: +91 44 2846 0425 Fax: +91 44 2846 0129 E-mail: rdr@cameoindia.com Investor grievance email: investor@cameoindia.com Contact Person: Mr. R D Ramasamy Website: www.cameoindia.com SEBI Registration Number: INR000003753</p> | <p>Vivekanandan Associates Chartered Accountants. Address: 9/1 (Old 22/1) Vaigai Colony, Twelfth Avenue, Ashoknagar, Chennai-600083. Phone: (044) 24716433, 48542355 Fax: (044) 24717046 E-mail: audit@va90.com, vaca1990@gmail.com Contact Person: Mr. S Dehaleesan Firm Registration No: 005268S Membership No: 027312 Peer Review Certificate No: 007939</p> |

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

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

All grievances relating to the ASBA process may be addressed to the Registrar with a copy to the relevant SCSB giving full details such as name, address of applicant, application number, number of Equity Shares applied for, amount blocked on application and Designated Branch or the collection centre of the SCSBs.

STATEMENT OF RESPONSIBILITIES

Keynote Corporate Services Limited is the sole Lead Manager to this Offer and shall be responsible for the following activities:

| Sr. No. | Activity |
|---------|--|
| 1. | Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc. |
| 2. | Drafting and design of the Draft Prospectus and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the Draft Prospectus. |
| 3. | Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc. |
| 4. | Marketing of the issue, which shall cover, <i>inter alia</i> , formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) centres for holding conferences of stock brokers, investors, etc., (iii) bankers to the issue, (iv) collection centres as per schedule III, (v) brokers to the issue, and (vi) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material. |
| 5. | Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc. Ordinarily, one lead merchant banker shall be responsible for the post-issue activities. |

Bankers to our Company

The Karur Vysya Bank Limited

33, Railway Feeder Road Rajapalayamvirudhnagar,
Rajapalayam- 626117.
Tel No: +91-(0)4563-222323.

Union Bank of India

Shakthi Towers, No. 766 (old)/ 178 (New) Anna Salai,
Chennai- 600002.
Tel No: +91-(0)44-23460804.

ESCROW COLLECTION BANK/ PUBLIC OFFER ACCOUNT BANK/ REFUND BANK

Escrow Collection Banks/ Public Offer Account Bank/ Refund Bank shall be appointed prior to filing of the Prospectus with the RoC.

Self Certified Syndicate Banks (SCSBs)

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>, as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, see the above-mentioned link.

Registered Brokers

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

Registrar to the Issue and Share Transfer Agents

The list of the RTAs eligible to accept application forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchange at www.bseindia.com, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept application forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchange at www.bseindia.com, as updated from time to time.

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

Brokers to the Issue

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

Experts

Our Company has received written consent from the Statutory Auditors namely, Vivekanandan Associates, 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 an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated March 26, 2018 and the Statement

of Tax Benefits dated March 23,2018, included in this Draft Prospectus and such consent has not been withdrawn as on the date of this Draft Prospectus.

Credit Rating

As the Issue is of Equity Shares, credit rating is not required.

Trustees

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

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.

Monitoring Agency

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, since the size of the present Issue is less than ₹,1000 Lakhs, our Company is not required to appoint a monitoring agency for the purposes of this Issue.

Although in terms of the Securities Listing Regulations, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution.

Withdrawal of the Issue

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

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

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

Underwriting

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

(₹ in Lakhs)

| Name, Address, Telephone, Fax, and Email of the Underwriters | Indicated number of Equity Shares to be Underwritten | Amount Underwritten** | % of the total Issue Size Underwritten |
|---|--|-----------------------|--|
| Keynote Corporate Services Limited The Ruby, 9 th Floor Senapati Bapat Marg, Dadar (West) Mumbai 400 028, India. Telephone: +91 22 3026 6000 Facsimile: +91 22 3026 6088 Email: mbd@keynoteindia.net Investor grievance email: info@keynoteindia.net Contact Person: Mr. Chirag Dave Website: www.keynoteindia.net SEBI Registration Number: INM 000003606 | [●] | [●] | [●] |

**After the determination of the Issue Price, our Company will enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

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

Details of Market Making Arrangement for the Issue

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

| | |
|--------------------------------|--|
| Name | Keynote Capitals Limited |
| Correspondence Address: | The Ruby, 9th Floor (West), Mumbai – 400028 |
| Tel No.: | +91–22– 30266000-3 |
| Fax No.: | +91–22– 3026 6088 |
| E-mail: | kcl@keynoteindia.net |
| Website: | www.keynoteindia.net |
| Contact Person: | Mr. Rakesh Choudhari |

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

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

1. The Market Maker(s) (*individually or jointly*) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than ₹1,00,000 shall be allowed to offer their holding to the Market Maker(s) (*individually or jointly*) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.

3. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size. Any Equity Shares allotted to Market Maker under this Issue over and above 3,75,000 Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduces to 24% of Issue Size, the Market Maker will resume providing two (2) way quotes.
4. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, NSE may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five (5) Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.
7. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.
8. The Maker may also be present in the opening call auction, but there is no obligation on him to do so.
9. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
10. The Market Maker(s) shall have the right to terminate said arrangement by giving a three (3) months notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s). In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the 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. Further our Company and the Lead Manager reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five (5) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our registered office from 11.00 a.m. to 5.00 p.m. on Working Days.

11. **Risk containment measures and monitoring for Market Makers:**

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

12. **Punitive Action in case of default by Market Makers:**

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

/ trading membership. The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties / fines / suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

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

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

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 ₹250 Crores, the applicable price bands for the first day shall be:

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

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

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

The price band shall be 20% and the market maker spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

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

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Draft Prospectus is set forth below:

| <i>(₹ in lakhs except per share data)</i> | | | |
|---|----------------------------|-----------------------------------|-----|
| Particulars | Aggregate Nominal Value | Aggregate Value at Issue Price | |
| Authorised share capital: | | | |
| 2,49,00,000 Equity Shares of face value of ₹. 10/- each | 2,490.00 | | |
| Issued, subscribed and paid up capital before the issue | | | |
| 1,72,37,290 Equity Shares of face value of ₹. 10/- each | 1,723.73 | | |
| Present Issue being offered to the Equity Shareholders through the Draft Prospectus | | | |
| 75,00,000 equity shares of ₹10 each at an Issue Price of [●] per Equity Share | 750.00 | | [●] |
| <i>Which comprises:</i> | | | |
| 3,75,000 equity shares of ₹10 each at an Issue Price of [●] per Equity Share reserved as Market Maker Portion | 37.50 | | [●] |
| Net Issue to Public of 71,25,000 equity shares of ₹10 each at an Issue Price of [●] per Equity Share to the Public | 712.50 | | [●] |
| <i>Of which:</i> | | | |
| 35,62,500 equity shares of ₹10 each at an Issue Price of [●] per Equity Share will be available for allocation for Retail Investors | 356.25 | | [●] |
| 35,62,500 equity shares of ₹10 each at an Issue Price of [●] per Equity Share will be available for allocation for Non Retail Investors | 356.25 | | [●] |
| Issue, Subscribed and Paid up capital after the offer | | | |
| 2,47,37,290 equity shares of ₹10 each | 2,473.73 | | [●] |
| Securities premium account | | | |
| Before the Issue | 1,216.77 | | [●] |
| After the Issue | | [●] | [●] |

- (1) The IPO has been authorized by a resolution of our Board of Directors dated December 15, 2017 and by a special resolution of our Shareholders pursuant to their resolution dated December 30, 2017.
- (2) For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters" on page 98.

Notes to the Capital Structure

1. Equity Share Capital History of our company

(a) The history of the Equity Share capital of our Company is provided in the following table:

| Date of Allotment / Fully Paid-up | No. of Equity Shares allotted | Face value (Rs.) | Issue Price per equity share (Rs.) | Form of Consideration | Nature of transaction | Cumulative number of Equity Shares | Cumulative Paid-up Capital (Rs.) |
|-----------------------------------|-------------------------------|------------------|------------------------------------|-----------------------|---|------------------------------------|----------------------------------|
| 03 December 2009 | 10,000 | 10 | 10 | Cash | Initial subscription to the Memorandum of Association ¹ | 10,000 | 1,00,000 |
| 31 December 2010 | 1,47,330 | 10 | 100 | Cash | Preferential allotment of equity shares ² | 157,330 | 15,73,300 |
| 31 March 2013 | 72,000 | 10 | 100 | Cash | Preferential allotment of equity shares ³ | 229,330 | 22,93,300 |
| 31 March 2014 | 1,25,000 | 10 | 100 | Cash | Preferential allotment of equity shares ⁴ | 354,330 | 35,43,300 |
| 15 May 2014 | 74,440 | 10 | 100 | Cash | Rights Issue of equity shares ⁵ | 428,770 | 42,87,700 |
| 20 May 2015 | 59,500 | 10 | 100 | Cash | Rights Issue of equity shares ⁶ | 488,270 | 48,82,700 |
| 31 March 2016 | 15,750 | 10 | 100 | Cash | Rights Issue of equity shares ⁷ | 504,020 | 50,40,200 |
| 14 March 2017 | 9,40,100 | 10 | 100 | Other than Cash | Allotment of equity shares pursuant to acquisition of partnership firm ⁸ | 14,44,120 | 1,44,41,200 |
| 20 March 2017 | 1,44,41,200 | 10 | NA | NIL | Issue of Bonus shares ⁹ | 1,58,85,320 | 15,88,53,200 |
| 31 March 2017 | 13,51,970 | 10 | 100 | Cash | Preferential Allotment of equity shares ¹⁰ | 1,72,37,290 | 17,23,72,900 |

- 1) 5,000 Equity Shares were allotted to A Inico Inbaraj and 5,000 Equity Shares were allotted to K Raja pursuant to their subscription of MOA.
- 2) Preferential allotment of 1,000 Equity Shares to R Shyamala Devi, 1,000 Equity Shares to I Neela Pushpam, 1,000 Equity Shares to G Arul Raj, 1,000 Equity Shares to A Kalaimani, 1,000 Equity Shares to G Lawrence, 1,000 Equity Shares to L Rathina Priya, 1,000 Equity Shares to K Kumarasamy, 1,000 Equity Shares to K Rejina, 1,000 Equity Shares to R Arul Jeganathan, 1,000 Equity Shares to S Thanavelammal, 1,000 Equity Shares to K Mayakumar, 1,000 Equity Shares to K Mukesh Kumar, 17,550 Equity Shares to A Inico Inbaraj, 1,17,780 Equity Shares to K Raja.
- 3) Preferential allotment of 6,000 Equity Shares to R Shyamala Devi, 6,000 Equity Shares to I Neela Pushpam, 6,000 Equity Shares to G Arul Raj, 6,000 Equity Shares to A Kalaimani, 6,000 Equity Shares to G Lawrence, 6,000 Equity Shares to L Rathina Priya, 6,000 Equity Shares were allotted to K Kumarasamy, 6,000 Equity Shares to K Rejina, 6,000 Equity Shares to R Arul Jeganathan, 6,000 Equity Shares were allotted to S Thanavelammal, 6,000 Equity Shares to K Mayakumar and 6,000 Equity Shares to K Mukesh Kumar.

- 4) Preferential allotment of 5,000 Equity Shares to R Shyamala Devi, 5,000 Equity Shares to I Neela Pushpam, 5,000 Equity Shares to G Arul Raj, 5,000 Equity Shares to A Kalaimani, 5,000 Equity Shares to G Lawrence, 5,000 Equity Shares to L Rathina Priya, 5,000 Equity Shares to K Kumarasamy, 5,000 Equity Shares to K Rejina, 5,000 Equity Shares to R Arul Jeganathan, 5,000 Equity Shares to S Thanavelammal, 5,000 Equity Shares to K Mayakumar, 5,000 Equity Shares to K Mukesh Kumar and 65,000 Equity Shares to A Inico Inbaraj.
- 5) Pursuant to rights issue approved by the Board at the meeting held on 15 May 2014, 9,450 Equity Shares were allotted to A Inico Inbaraj, 52,990 Equity Shares were allotted to K Raja, 6,000 Equity Shares were allotted to R Gurupackiam and 6,000 Equity Shares were allotted to S Kulalamani. Other shareholders at that point of time did not participate in the rights issue and their rights entitled were renounced to abovementioned individuals who in turn subscribed for additional Equity Shares.
- 6) Pursuant to rights issue approved by the Board at the meeting held on 20 May 2015, 1,830 Equity Shares were allotted to Shyamala Devi, 1,830 Equity Shares were allotted to I Neela Pushpam, 1,830 Equity Shares were allotted to G Arul Raj, 1,830 Equity Shares were allotted to A Kalaimani, 1,830 Equity Shares were allotted to G Lawrence, 1,830 Equity Shares were allotted to L Rathina Priya, 30 Equity Shares were allotted to R Arul Jeganathan, 1,830 Equity Shares were allotted to S Thanavelammal, 1,830 Equity Shares were allotted to K Mayakumar, 1,830 Equity Shares were allotted to K Mukesh Kumar, 40,000 Equity Shares were allotted to A Inico Inbaraj and 3,000 Equity shares were allotted to K Raja.
- 7) Pursuant to rights issue approved by the Board at the meeting held on 15 May 2016, 3,000 Equity Shares were allotted to A Inico Inbaraj, 9,750 Equity Shares were allotted to K Raja, 1,500 Equity Shares were allotted to R Shyamaladevi and 1,500 Equity Shares were allotted to I Neela Pushpam. Other shareholders at that point of time did not participate in the rights issue and their rights entitled were renounced to abovementioned individuals who in turn subscribed for additional Equity Shares. The said allotment is for consideration other than cash and there is no revaluation of assets or capitalization of intangible assets of erstwhile partnership firm involved in such allotment.
- 8) Allotment of Equity Shares to the partners of erstwhile partnership firms, pursuant to acquisition of four Partnership Firms viz., Angel Apparels, Sneha Apparels, Pommys Apparels and Pommys Readymades in which the directors of the company and their relatives are interested as partners in the following manner: 3,05,250 Equity Shares to R Shyamaladevi, 278650 Equity shares to I Neela Pushpam, 188050 Equity Shares to A Inico Inbaraj and 168,150 Equity Shares to K Raja.
- 9) Bonus Issue in the ratio of 10:1 was undertaken through capitalization of profits of the Company and the issue of Equity Shares was as follows: 42,12,300 Equity Shares were allotted to A Inico Inbaraj, 40,83,300 Equity Shares were allotted to K Raja, 32,05,800 Equity Shares were allotted to R Shyamaladevi and 29,39,800 Equity Shares were allotted to I Neela Pushpam.
- 10) Equity Shares were allotted pursuant to conversion of loans borrowed by the Company from its promoter shareholders in the following manner: 8,73,390 Equity Shares were allotted to A Inico Inbaraj and 4,78,580 Equity Shares were allotted to K Raja.

2. Issue of Equity Shares at price lower than the Offer Price in the last year

Except for the Bonus Issue on March 20, 2017, Our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during a period of one year preceding the date of this Draft Prospectus.

3. Issue of Equity Shares in the last two years

For details of issue of Equity Shares by our Company in the last two preceding years, see “Equity Share Capital History of our Company” on page 50.

4. Issue of Equity Shares for consideration other than cash or out of revaluation reserves

Our Company has not issued any Equity Shares or preference shares, including any bonus shares, out of revaluation reserves at any time since incorporation.

Further, except as set out below, our Company has not issued Equity Shares for consideration other than cash except as disclosed hereinunder:

| Date of allotment/ issue | Number of shares Allotted | Face Value | Issue Price per equity share | Reasons for allotment/ issue | Benefits accrued to the Company |
|--------------------------|---------------------------|------------|------------------------------|---|--|
| March 14 2017 | 9,40,100 | 10 | 100 | As per MOU entered into by the Company for takeover of Four Partnership Firms viz., Angel Apparels, Sneha Apparels, Pommys Apparels and Pommys Readymades, Equity shares were issued to the partners in respect of their capital in these firms at a price of ₹ 100/- per equity share of the face value of ₹ 10/- and there has been no revaluation or capitalization of any intangible assets of these firms. | Pursuant to the agreement entered by our Company with the partners of Angel Apparels, Sneha Apparels, Pommys Apparels and Pommys Readymades entire business of these firms was acquired by the company and accordingly networth of the company enhanced. The business of the company also enhanced manifold. |

5. History of the Equity Share Capital held by our Promoters

As on the date of this Draft Prospectus, our Promoters hold 1,04,76,830 Equity Shares, equivalent to 60.78% of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set out below.

- Build-up of the Promoters' shareholding in the Company**

The build-up of the Equity Shareholding of the Promoters since incorporation of the Company is set forth in the table below.

| Name of Promoter | Date of allotment/Transfer | Nature of Issue | No of equity shares | Face Value per Equity Share | Issue/Transfer Price/ per Equity Share | Nature of Consideration ** | Percentage of Post-Issue Capital (%)* |
|---------------------|---|---|---------------------|-----------------------------|--|----------------------------|---------------------------------------|
| | | | | (in `) | (in `) | | |
| Mr. A Inico Inbaraj | 03 December 2009 | Initial Subscription to the MoA | 5,000 | 10 | 10 | Cash | 0.02 |
| | 03 December 2010 | Allotment on preferential basis | 17,550 | 10 | 100 | Cash | 0.07 |
| | 31 March 2014 | Allotment on preferential basis | 65,000 | 10 | 100 | Cash | 0.26 |
| | 15 May 2014 | Rights issue | 9,450 | 10 | 100 | Cash | 0.04 |
| | 20 May 2015 | Rights issue | 40,000 | 10 | 100 | Cash | 0.16 |
| | 31 March-2016 | Rights issue | 3,000 | 10 | 100 | Cash | 0.01 |
| | 04 March 2017 | Gift of shares from G Arul Raj | 13,830 | 10 | - | Other than Cash | 0.06 |
| | 04 March 2017 | Gift of shares from A Kalaimani | 13,830 | 10 | - | Other than Cash | 0.06 |
| | 04 March 2017 | Transfer of shares from G Lawrence | 13,830 | 10 | 100 | Cash | 0.06 |
| | 04 March 2017 | Transfer of shares from L Rathina Priya | 13,830 | 10 | 100 | Cash | 0.06 |
| 04 March 2017 | Transfer of shares from R Arul Jeganathan | 12,030 | 10 | 100 | Cash | 0.05 | |

| Name of Promoter | Date of allotment/ Transfer | Nature of transaction | No of equity shares | Face Value per Equity Share (in ₹) | Issue/ Transfer Price/ per Equity Share (in ₹) | Nature of Consideration * | Percentage of Post-Issue Capital (%) |
|---------------------|-----------------------------|--|---------------------|---------------------------------------|---|---------------------------|--------------------------------------|
| Mr. A Inico Inbaraj | 04 March 2017 | Transfer of shares from S Thana Velammal | 13,830 | 10 | 100 | Cash | 0.06 |
| | 04 March 2017 | Transfer of shares from R Gurupackiam | 6,000 | 10 | 100 | Cash | 0.02 |
| | 04 March 2017 | Transfer of shares from S Kulalamani | 6,000 | 10 | 100 | Cash | 0.02 |
| | 14 March 2017 | Allotment of equity shares pursuant to acquisition of partnership firm | 1,88,050 | 10 | 100 | Other than Cash | 0.76 |
| | 20 March 2017 | Bonus Issue | 42,12,300 | 10 | - | Other than Cash | 17.03 |
| | 31 March 2017 | Conversion of loan | 8,73,390 | 10 | 100 | Cash | 3.53 |
| | 10 September 2017 | Transfer of shares to K.Regina | (100) | 10 | 100 | Cash | 0.00 |
| | 10 September 2017 | Transfer of shares to S.Thanavelammal | (100) | 10 | 100 | Cash | 0.00 |
| | 10 September 2017 | Transfer of shares to M.Essakkirajan | (100) | 10 | 100 | Cash | 0.00 |
| | TOTAL | | | 55,06,620 | | | |

| Name of Promoter | Date of allotment/ Transfer | Nature of transaction | No of equity shares | Face Value per Equity Share (in ₹) | Issue/ Transfer Price/ per Equity Share (in ₹) | Nature of Consideration | Percentage of Post-Issue Capital (%)* | |
|------------------|-----------------------------|--|---------------------|------------------------------------|--|-------------------------|---------------------------------------|--------------|
| Mr. K.Raja | 03 December 2009 | Initial Subscription to the MoA | 5,000 | 10 | 10 | Cash | 0.02 | |
| | 31 December-2010 | Allotment on preferential basis | 1,17,780 | 10 | 100 | Cash | 0.48 | |
| | 15 May 2014 | Rights issue | 52,990 | 10 | 100 | Cash | 0.21 | |
| | 20 May 2015 | Rights issue | 3,000 | 10 | 100 | Cash | 0.01 | |
| | 31 March 2016 | Rights issue | 9,750 | 10 | 100 | Cash | 0.04 | |
| | 04 March 2017 | Transmission of shares from K.Kumaraswamy | 12,000 | 10 | - | Other than Cash | 0.05 | |
| | 04 March 2017 | Gift of shares from K.Mayakumar | 13,830 | 10 | - | Other than Cash | 0.06 | |
| | 04 March 2017 | Gift of shares from K.Rejina | 12,000 | 10 | - | Other than Cash | 0.05 | |
| | 04 March 2017 | Gift of shares from K.Mukeshkumar | 13,830 | 10 | - | Other than Cash | 0.06 | |
| | 14 March 2017 | Allotment of equity shares pursuant to acquisition of partnership firm | 1,68,150 | 10 | 100 | Other than Cash | 0.68 | |
| | 20 March 2017 | Bonus issue | 40,83,300 | 10 | - | Other than Cash | 16.51 | |
| | 31 March 2017 | Conversion of loan | 4,78,580 | 10 | 100 | Cash | 1.93 | |
| | TOTAL | | | 49,70,210 | | | | 20.09 |
| | | | | | | | | |

All the Equity Shares held by the Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares and none of the shares held by the promoters are pledged as on the date of this Draft Prospectus.

Other than as disclosed above, none of the Promoters have undertaken any sale of Equity Shares of the Company since incorporation.

The details of the Equity Shareholding of the Promoters and the other members of the Promoter Group as on the date of filing of this Draft Prospectus are set forth in the table below.

| Sr. No | Name of the Shareholders | No. of equity Shares held (Pre Offer) | No. of equity Shares held (Post Offer) | Percentage of total equity shareholding (%) (Post Offer) |
|--------|--------------------------|---------------------------------------|--|--|
| 1 | A Inico Inbaraj | 55,06,620 | 55,06,620 | 22.26 |
| 2 | K Raja | 49,70,210 | 49,70,210 | 20.09 |
| 3 | I.Neelapushpam | 32,33,780 | 32,33,780 | 13.07 |
| 4 | R.Shyamala Devi | 35,26,380 | 35,26,380 | 14.26 |
| 5 | K Rejina | 100 | 100 | Negligible |
| 6 | Arul Jeganathan | 100 | 100 | Negligible |
| | Total | 1,72,37,190 | 1,72,37,190 | 69.68 |

The details of shares purchased or sold by the promoter group and/or by the directors of our company and their immediate relatives within six months immediately preceding the date of filing draft Draft Prospectus with the Board are as follows:

| Name of the transferor | Name of the transferee | Date of transfer | No. of shares | Price (Rs.) |
|------------------------|------------------------|-------------------|---------------|-------------|
| A Inico Inbaraj | K.Regina | 10 September 2017 | 100 | 100 |
| | S.Thanavelammal | | 100 | 100 |
| | M. Essakkirajan | | 100 | 100 |
| S.Thanavelammal | Arul Jeganathan | 31 December 2017 | 100 | 100 |

Details of Promoters' contribution and lock –in

- (i) 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 Promoters shall be considered as promoters' contribution ("Promoters' Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' 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.
- (ii) Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum promoters' contribution are set forth in the table below.

| Name of the promoter | No. of Equity Shares locked-in | Percentage of the post-Offer paid-up capital (%) |
|----------------------|--------------------------------|--|
| A Inico Inbaraj | 24,73,729 | 10.00 |
| K Raja | 24,73,729 | 10.00 |
| Total | 49,47,458 | 20.00 |

- (iii) The Promoters have confirmed that the Promoters' contribution has been financed from their respective funds/internal accruals and no loans or financial assistance from any bank or financial institutions have been availed by them for this purpose. For details on the build-up of the Equity Share capital held by our Promoters, please see the section entitled "History of the Equity Share Capital held by our Promoters" on page 50.
- (iv) Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as minimum promoters' contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the aforesaid minimum promoters' contribution from the date of filing this Draft Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI Regulations, except as may be permitted, in accordance with the SEBI Regulations.
- (v) The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI Regulations. The Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations. In this connection, we confirm the following:
- The Equity Shares offered for Promoters' contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash and revaluation of assets and no capitalisation of intangible assets is involved in such transaction; or (b) bonus issue of Equity Shares out of revaluation reserves or unrealised profits of the Company or bonus Equity Shares issued against Equity Shares, which are otherwise ineligible for computation of Promoter's contribution;
 - The Promoters' contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
 - The Company has not been formed by the conversion of a partnership firm into a company and hence, no Equity Shares have been issued in the one year, immediately preceding the date of this Draft Prospectus pursuant to conversion of a partnership firm; and
 - The Equity Shares forming part of the Promoter's contribution are not subject to any pledge.

• *Other lock-in requirements:*

- (i) Our Promoters' Contribution of 20% of the Post Issue Equity does not include any contribution from Alternative Investment Funds.
- (ii) Pursuant to Regulation 37 of the SEBI (ICDR) Regulations, in addition to the Promoters' 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.
- (iii) Pursuant to Regulation 39(a) of the SEBI Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

- (iv) Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by our Promoters, which are locked in as per Regulation 36 of the SEBI (ICDR) Regulations, may be transferred to and amongst our Promoters/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.
- (v) Pursuant to Regulation 40 of the SEBI (ICDR) Regulations, Equity Shares held by shareholders other than our Promoters, 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.

6. The shareholding pattern of our Company as on date of the Draft Prospectus:

| Category Code (I) | Category of Shareholder (II) | No. of Share holders (III) | Total No. of shares (IV) | No. of shares held in Dematerialised Form (V) | Total No. of shareholding as a percentage of Total No. of shares | | Post Issue shareholding |
|----------------------|--|-------------------------------|-----------------------------|--|--|-------------------------------------|-------------------------|
| | | | | | As a percentage of (A+B) (VI) | As a percentage of (A+B+C) (VII) | |
| A | Promoter and promoter group | | | | | | |
| (1) | Indian | | | | | | |
| A | Individual/Hindu Undivided Family | 6 | 1,72,37,190 | 1,72,37,190 | 100% | 100% | 69.68% |
| B | Central Government/ State Governments | - | - | - | - | - | |
| C | Bodies Corporate | - | - | - | - | - | |
| D | Financial Institutions / Banks | - | - | - | - | - | |
| E | Any other (Specify) | - | - | - | - | - | |
| | Sub Total A(1) | 6 | 1,72,37,190 | 1,72,37,190 | 100% | 100% | 69.68% |
| (2) | Foreign | | | | | | |
| A | Individual (Non resident Individuals / Foreign individuals) | - | - | - | - | - | |
| B | Bodies Corporate | - | - | - | - | - | |
| C | Institutions | - | - | - | - | - | |
| D | Qualified Foreign Investor | - | - | - | - | - | |
| E | Any other (Specify) | - | - | - | - | - | |
| | Sub Total A(2) | 0 | 0 | - | 0 | 0 | |
| | Total shareholding of Promoter and Promoter Group (A)= (A)(1) +(A)(2) | 6 | 1,72,37,190 | 1,72,37,190 | 100% | 100% | 69.68% |
| B | Public Shareholding | | | | | | |
| (1) | Institutions | | | | | | |
| a | Mutual Funds/ UTI | - | - | - | - | - | |
| b | Financial Institutions / Banks | - | - | - | - | - | |
| c | Central Government/ State Governments | - | - | - | - | - | |
| d | Venture capital Funds | - | - | - | - | - | |
| e | Insurance Companies | - | - | - | - | - | |
| f | Foreign Institutional Investors | - | - | - | - | - | |
| g | Foreign Venture Capital Investors | - | - | - | - | - | |

| Category Code | Category of Shareholder | No. of Share holders | Total No. of shares | No. of shares held in Dematerialised Form | Total No. of shareholding as a percentage of Total No. of shares | | Post issue shareholding |
|---------------|---|----------------------|---------------------|---|--|----------------------------------|-------------------------|
| | | | | | As a percentage of (A+B) (VI) | As a percentage of (A+B+C) (VII) | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | |
| h | Qualified Foreign Investor | - | - | - | - | - | |
| i | Any other | - | - | - | - | - | |
| | Sub Total B(1) | - | - | - | - | - | |
| (2) | Non-Institutions | | | | | | |
| a | Bodies Corporate | - | - | - | - | - | |
| b | Individuals | | | | | | |
| (i) | Individual Shareholders holding Nominal Share Capital upto ₹.1 Lakh | 1 | 100 | 100 | 0.00% | 0.00% | 0.00% |
| (i i) | Individual Shareholders holding Nominal Share Capital in excess of ₹.1 Lakh | - | - | - | - | - | |
| (c) | Qualified Foreign Investor | - | - | - | - | - | |
| (d) | Any other ** | - | - | - | - | - | |
| (d)(i) | Clearing member | - | - | - | - | - | |
| (d)(ii) | Corporate cm/tm - client margin a/c | - | - | - | - | - | |
| (d)(iii) | Corporate cm/tm - client beneficiary a/c | - | - | - | - | - | |
| (d)(iv) | Limited liability partnership | - | - | - | - | - | |
| | Total Public Shareholding (B)= (B)(1)+(B)(2) | 1 | 100 | 100 | 0.00% | 0.00% | 0.00% |
| | TOTAL (A) + (B) | 7 | 1,72,37,290 | 1,72,37,290 | 100.00% | 100.00% | 69.68% |

7. The top ten shareholders of our Company and their Shareholding is as set forth below

a) The top ten shareholders of our Company and the number of Equity Shares held by them as on the date of filing this Draft Prospectus:

| Sr. No | Shareholder | No. of Equity Shares Held |
|--------|-----------------|---------------------------|
| 1 | A Inico Inbaraj | 55,06,620 |
| 2 | K Raja | 49,70,210 |
| 3 | Neelapushpam I | 32,33,780 |
| 4 | Shyamala Devi | 35,26,380 |
| 5 | K Rejina | 100 |
| 6 | Arul Jeganathan | 100 |
| 7 | Essakkirajan | 100 |

b) *The top ten shareholders of our Company and the number of Equity Shares held by them ten days prior to filing of this Draft Prospectus are as follows:*

| Sr. No | Shareholder | No. of Equity Shares Held |
|--------|-----------------|---------------------------|
| 1 | A Inico Inbaraj | 55,06,620 |
| 2 | K Raja | 49,70,210 |
| 3 | Neelapushpam I | 32,33,780 |
| 4 | Shyamala Devi | 35,26,380 |
| 5 | K Rejina | 100 |
| 6 | Arul Jeganathan | 100 |
| 7 | Essakkirajan | 100 |

c) *Our top ten shareholders and the number of Equity Shares held by them two years prior to filing this Draft Prospectus are as follows:*

| Sr. No | Shareholder | Total No. of Equity Shares Held | Pre-Issue % |
|--------|-----------------|---------------------------------|-------------|
| 1. | K Raja | 1,787,70 | 36.61% |
| 2. | A Inico Inbaraj | 13,70,00 | 28.06% |
| 3. | A Kalaimani | 13,830 | 2.83% |
| 4. | G Arulraj | 13,830 | 2.83% |
| 5. | G Lawrance | 13,830 | 2.83% |
| 6. | K Mayakumar | 13,830 | 2.83% |
| 7. | K Mukeshkumar | 13,830 | 2.83% |
| 8. | I Neelapushpam | 13,830 | 2.83% |
| 9. | L Rathinapriya | 13,830 | 2.83% |
| 10. | R Shyamala Devi | 13,830 | 2.83% |

8. Neither our Company, nor the Directors or the Promoters, or the Lead Manager have entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company.
9. Except as disclosed in the chapter titled “Our Management” on page 103 of the Draft Prospectus, none of our Directors or Key Managerial Personnel holds any Equity Shares.
10. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearer multiple of minimum allotment lot.
11. 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.
12. 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.
13. No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.
14. There are no financing arrangements whereby our Promoter Group, our Group Companies, our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company during the period of 6 months immediately preceding the date of filing of the Draft Prospectus with SEBI.
15. Our Company has not raised any bridge loans that shall be payable from issue proceeds.
16. There are no outstanding warrants, financial instruments or any rights, which would entitle the Promoters or the shareholders of our Company or any other person any option to acquire any of the Equity Shares.
17. The Equity Shares of our Company are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Prospectus.

18. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under the Offer.
19. Our company has not issued or allotted any equity shares under the Scheme of Arrangement.
20. Our Company has not revalued its fixed assets since incorporation.
21. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
22. As on the date of the Draft Prospectus, the lead manager to the Issue does not hold any Equity Shares of our Company.
23. Till date our Company has not introduced any Employees Stock Option Schemes/ Employees Stock Purchase Schemes.
24. Since the entire application money is being called on application, all successful applications, shall be issued fully paid up shares only.

OBJECTS OF THE ISSUE

The Objects of the Issue is to raise resources to:

- ❖ Repayment of certain borrowings availed by the company
- ❖ Part Finance Working capital requirement;
- ❖ Meet General Corporate Purpose; and
- ❖ Meet the expenses of the issue.

Further we believe that the listing of our equity shares will benefit the Company by enhancing its visibility, corporate image, brand name and create public market for equity shares in India. The main object clause of our Memorandum of Association and objects incidental to the attainment of the main objects enables us to undertake the existing activities and the activities for which funds are being raised by us through this Issue.

The fund requirement and deployment are based on internal management estimates and have not been appraised by any banks of institutions. Further, the same is based on our current business plan. In view of the competitive and dynamic nature of the industry in which we operate, we may have to revise our business plan from time to time and consequently the fund requirement may change.

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.

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

| Cost of Project | Amount (₹ In Lakhs) |
|--|--------------------------------|
| Repayment of certain high cost borrowings availed by the company | 500.00 |
| Part Finance Working Capital requirement | [●] |
| General Corporate Purpose | [●] |
| Issue Expenses | [●] |
| Total | |

Means of Finance

| Means | Amount (₹ In Lakhs) |
|-----------------------|--------------------------------|
| Proceeds of the Issue | [●] |
| Internal Accruals | [●] |
| Total | [●] |

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

Details of the Objects of the Issue:

1. Repayment of certain high cost borrowings availed by the company

Our company proposes to utilise an aggregate amount of Rs. 500 lakhs out of the proceeds of the issue for repayment of high cost borrowings availed by us. The extent of loans proposed to be repaid will be based on various considerations which among others will include the rate of interest and remaining tenor of the loan. The total loan outstanding as on September 30, 2017 is ₹ 5,791.18 lakhs which includes certain high cost debts. The details of the same have been mentioned under the head financial indebtedness on page 150 of the offer document. We believe that such repayment will reduce the indebtedness to a certain extent as also reduce the finance charges being paid.

2. Part Finance Working Capital requirement

Our company is into garment manufacturing business. Presently we have 50 Retail Outlets selling more than 2 Lakh garments per month. Our industry is highly working capital intensive. Our working capital requirement is

funded from our internal accruals & financing from various banks. Our Company proposes to utilise ₹ [●] Lakhs from issue Proceeds towards working capital requirements for meeting our business requirements.

Our existing working capital requirement and funding on the basis of the Financial Statements for the financial year ended March 31, 2017 and provisional figures for the financial year ended March 31, 2018 and March 31, 2019 are as stated below:

Basis of estimation of working capital requirement

| Particulars | (₹ In Lakhs) | | |
|--|------------------------|--------------------------|---------------------------|
| | 2016-2017 (Audited) | 2017-2018 (Estimated) | 2018-2019 (Projection) |
| Current Assets | | | |
| Inventories | | | |
| • Raw material & WIP | 3,389 | 4,407 | 6,568 |
| • Finished Goods | 3,347 | 4,419 | 4,821 |
| Trade Receivables | 247 | 393 | 450 |
| Cash and Bank Balance | 60 | 11 | 12 |
| Total (A) | 7,043 | 9,230 | 11,851 |
| Current Liabilities | | | |
| Trade Payables | 565 | 133 | 145 |
| Other Current Liabilities & Provisions | | | |
| Total (B) | 565 | 133 | 145 |
| Net Working Capital (A)-(B) | 6,478 | 9,097 | 11,705 |
| Sources of Working Capital | | | |
| Bank Finance | 4,292 | 6,500 | 6,500 |
| Issue Proceeds/ Internal Accruals | 2186 | 2597 | 5205 |
| Total | 6,478 | 9,097 | 11,705 |

Assumption for working capital requirements

| Particulars | (In months) | | |
|----------------------------|------------------------|--------------------------|---------------------------|
| | 2016-2017 (Audited) | 2017-2018 (Estimated) | 2018-2019 (Projection) |
| Current Assets | | | |
| Inventories | | | |
| • Raw material & WIP | 2.30 | 2.5 | 3.25 |
| • Finished Goods | 2.00 | 2.00 | 2.00 |
| Trade Receivables | | | |
| • Domestic | 0.19 | 0.25 | 0.25 |
| Current Liabilities | | | |
| Trade Payables | 0.39 | 0.43 | 0.43 |

Justification for "Holding Period" levels

The justifications for the holding levels mentioned in the table above are provided below:

| Assets- Current Assets | |
|--------------------------|--|
| Inventories | <p>The raw material and work in process inventory holding level in F.Y. 2016-17 was 2.3 months which is expected to increase to 2.50 months in F.Y. 2017-18. For the year 2018-19 it is projected to 3.25 months due to increase in operations and also due to the backward integration of producing required fabric cloth by the company itself which may require the Company to hold excess inventory.</p> <p>The finished goods inventory holding level in F.Y. 2016-17 was 2 months and is assumed to be maintained at 2 months in F.Y. 2017-18, and 2018-19 also because the expansion is to done for backward integration of fabric production for own consumption. More focus is to be given for the backward integration process only. This will not have any impact on holding of finished goods.</p> |
| Trade receivables | <p>The domestic trade receivables holding level in F.Y. 2016-17 was 0.20 months which is expected to remain the same in F.Y. 2017-18 and 2018-19.</p> <p>There are no export trade receivables.</p> |

| Assets- Current Assets | |
|----------------------------------|--|
| Liabilities- Current Liabilities | |
| Trade Payables | The credit period in F.Y. 2016-17 was 0.39 months and is expected to be at 0.43 months during FY 2017-18 & FY 2018-19 which is very minimal increase over the FY 2016-17. Since major portion of the expected inflow of funds by issue of shares will be utilised for working capital requirements, the company will be able to manage the trade payables effectively. |
| | |

Present working capital sanctioned with the company comprise of working capital limit to the extent of ₹ 5,067 lakhs from Karur Vysya Bank and ₹ 1,000 Lakhs from Union Bank of India

3. General Corporate Purposes

Our Company proposes to deploy an amount of ₹ [●] Lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations, including but not limited to strategic initiatives, partnerships and joint ventures, meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

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

4. Issue Expenses

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

| (₹ in Lakhs) | | | |
|--|-------------------|---------------------|-------------------------------|
| Activity | Estimated Expense | % of Total Expenses | As a percentage of Offer size |
| Fees to intermediaries (including Lead Managers fees, underwriting commission, market making fees, brokerage and selling commission*, registrar fees and expenses) | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Printing and Stationary & Distribution | [●] | [●] | [●] |
| Statutory and other miscellaneous expenses | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

**Includes Commission/ processing fees to the Designated Intermediaries. Designated Intermediaries would be entitled for a processing fee of ₹10 per form for processing of valid Application forms procured by such Intermediaries. Additionally, the SCSBs will be entitled for a fee of ₹10 per application for blocking of funds.*

Schedule of Implementation & Deployment of Funds

As estimated by our management, our Company proposes to deploy the entire Proceeds of the issue in the aforesaid objects during Financial Year 2018-2019.

Sources & deployment of Funds

Our Company has deployed ₹ 10.56 Lakhs as of February 15, 2018 towards the “Objects of the Offer” as certified by M/s P. Selvaraj Associates, Chartered Accountants vide their certificate dated February 15, 2018, which has been funded from Internal Accruals. The details of which are as under:

| Particulars | Amount (₹ in Lakhs) |
|-------------------------------|---------------------|
| DEPLOYMENT OF FUNDS | |
| 1. Fees to the Intermediaries | 10.22 |
| 2. Travelling Expenses | 0.25 |
| 3. Other Expenses | 0.09 |
| Total | 10.56 |
| SOURCES OF FUNDS | |
| Internal Accruals | 10.56 |
| Total | 10.56 |

Appraisal

The Objects of the issue have not been appraised by any bank or financial institution.

Bridge Financing Facilities

We have not availed any bridge financing facilities for the meeting the expenses as stated under the Objects of the Offer.

Interim Use of Funds

Pending utilization of the Issue Proceeds for the Objects of the Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

Monitoring of Utilization of Funds

Since the Offer size does not exceed ₹1,000 million, the appointment of a monitoring agency as per Regulation 16 of the SEBI (ICDR) Regulations is not required. As required under the SEBI Listing Regulations, the Audit Committee appointed by our Board will monitor the utilisation of the Offer proceeds. We will disclose the utilisation of the proceeds of the Offer, including interim use, under a separate head in our quarterly/half yearly financial disclosures and annual audited financial statements until the Offer Proceeds remain unutilised, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilised proceeds of the Offer in our Balance Sheet for the relevant Financial Years subsequent to listing of our Equity Shares on the SME Platform of NSE.

Pursuant to SEBI Listing Regulations, 2015, our Company shall on a half yearly basis disclose to the Audit Committee the uses and applications of the proceeds of the Offer. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in the Draft Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Offer have been utilised in full. The statement shall be certified by the statutory auditors of our Company.

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

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

Variation in objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "**Postal Ballot Notice**") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English

and one in Tamil, the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

Basic terms of the issue

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

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Lead Manager on the basis of an assessment of market demand for the issued Equity Shares and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 10/- each and the Issue Price is ₹ [●]. Investors should also refer to “Our Business”, “Risk Factors” and “Financial Statements” on pages 83, 18 and 122 respectively, to have an informed view before making an investment decision. The Issue Price is [●] times of the face value of Equity Shares.

Qualitative Factors

Some of the qualitative factors that help differentiate us from our competitors and enable us to compete successfully in our industry are:

1. Experienced promoter and management team.
2. Design expertise, with a pulse on fashion.
3. Strong brand recall in the state of Tamil Nadu.
4. Strong Marketing and Distribution network.
5. Strong sourcing capabilities.
6. Widespread presence across southern India

For a detailed discussion on the qualitative factors, which form the basis for computing the Issue Price, see “Our Business”, “Financial Statements” and “Risk Factors” on pages 83, 122 and 18 respectively.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Financial Statements prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. For details, see “Financial Statements” on page 122.

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

1. Earnings Per Share and Diluted Earnings Per Share, per-issue, for the last three years (as adjusted for changes in capital):

| For the Year ended | Basic & Diluted EPS | Adjusted EPS | Weight |
|--|---------------------|--------------|--------|
| March 31, 2017 | 9.36 | 0.56 | 3 |
| March 31, 2016 | 12.26 | 0.39 | 2 |
| March 31, 2015 | 14.59 | 0.41 | 1 |
| Weighted Average | 11.20 | 0.48 | |
| For the period ended September 30, 2017* | 2.45 | 2.45 | |

*Annualised

[{Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. {(EPS x Weight) for each year} / {Total of weights}]

Notes:

- i. The figures disclosed above are based on the financial information statement as disclosed in this draft offer document.
- ii. Ratios have been calculated as below

$$\text{Basic \& Diluted Earnings =} \frac{\text{Restated Profit after Tax available to equity Shareholders}}{\text{Weighted Average Number of Equity Shares outstanding at the end of the Year/Period}} \\ \text{Per Share (EPS) (₹)}$$

$$\text{Adjusted Per Share After Bonus (EPS) (₹)} = \frac{\text{Restated Profit after Tax available to equity Shareholders}}{\text{Number of Equity Shares outstanding at the end of the Year/Period adjusted as per changes in capital pursuant to bonus issue}}$$

- iii. Earnings per share is calculated in accordance with Accounting Standard 20 'Earnings Per Share', notified under section 133 of the Companies Act 2013, read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.

2. Price/Earnings Ratio (P/E) ratio in relation to issue Price of ₹[●] per Equity Share of ₹10/- each:

The P/E ratio based on the basic and diluted EPS for the Fiscal Year 2017 at the Issue Price is [●].

| Particulars | P/E at the issue price |
|--|------------------------|
| P/E ratio based on basic and diluted EPS for the financial year ended March 31, 2017 | [●] |
| P/E ratio based on adjusted EPS for the fiscal ended March 31, 2017 | [●] |

Industry peer group P/E ratio:

Given below is the P/E ratio of the companies having the highest and the lowest P/E in the industry as a whole.

| Sr. No. | Particulars | Standalone |
|---------|---|--------------|
| 1 | Highest (Page Industries Ltd.) | 55.03 |
| 2 | Lowest (Lovable Lingerie Ltd.) | 17.60 |
| | Industry Composite (Textile Products)* | 34.40 |

*Source: Capital Market- Vol. March 26, 2018 - April 08, 2018.

3. Return on Net Worth (RONW)

| For the year ended | RONW (%) | Weight |
|---|-------------|--------|
| March 31, 2017 | 3.18 | 3 |
| March 31, 2016 | 8.99 | 2 |
| March 31, 2015 | 11.34 | 1 |
| Weighted Average | 6.48 | |
| For the period ended September 30, 2017 | 6.49 | |

[Weighted average = Aggregate of year-wise weighted Return on Net Worth divided by the aggregate of weights i.e. $\{(Return\ on\ Net\ Worth\ \times\ Weight)\ for\ each\ year\} / \{Total\ of\ weights\}$]

Note: The RONW has been computed by dividing net profit after tax by net worth as at year end

4. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS for the year ended March 31, 2017 at the issue price of ₹[●] is [●]

5. Net asset Value (NAV) per Equity Share of our Company (In ₹):

| As of the year ended | NAV per Equity Share (₹) |
|----------------------|--------------------------|
| March 31, 2017 | 17.60 |
| March 31, 2016 | 130.00 |
| March 31, 2015 | 126.03 |
| After the issue | [●] |

Note: Net Asset Value per Equity Share represents net worth divided by the number of Equity Shares outstanding at the end of the period.

6. Comparison with other listed companies/ Industry Peers:

We are engaged in the business of garment manufacturing specializing in women's clothing. We have drawn comparison with the listed companies mentioned hereunder based on the sector in which our company operates and its scale of operations.

| Name of the Company | Face Value (₹) | Revenue from operations (₹ In Lakhs) | PAT (₹ In Lakhs) | Market Price (₹) | Basic EPS (₹) | P/E Ratio | RON W (%) | NAV (₹) |
|------------------------------------|----------------|--------------------------------------|------------------|------------------|---------------|-----------|-----------|---------|
| Pommys Garments (India) Limited | 10 | 15,463.86 | 96.42 | - | 9.36 | - | 3.18 | 17.60 |
| Peer Group | | | | | | | | |
| Ashapura Intimates Fashion Limited | 10 | 31,121.83 | 2,030.14 | 450.15 | 8.18 | 55.03 | 14.44 | 72.23 |
| Lovable Lingerie Limited | 10 | 19,740.60 | 1,227.77 | 177.65 | 7.37 | 24.10 | 5.70 | 128.28 |
| Women's Next Loungeris Limited | 10 | 5,177.43 | 90.40 | 63.70 | 3.62 | 17.60 | 8.34 | 43.36 |

(Source: Annual Report for the year ended March 31, 2017)

Notes:

- The figures of Pommys Garments (India) Limited are based on the audited financials for the year ended March 31, 2017.
- The figures of the Peer group are based on the Standalone financials from their respective Annual Reports for the year ended March 31, 2017
- P/E Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on 23/03/2018, as divided by the EPS.

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the Lead Manager on the basis of assessment of market demand from investors for the Equity Shares and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "Risk Factors", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 18, 122 and 144, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To
The Board of Directors
Pommys Garments (India) Limited
5/13 B, Pommys Nagar, Seithur Road,
Dhalavaipuram, Virudhunagar District,
Tamil Nadu - 626 188

Dear Sirs,

Sub: Statement of possible special tax benefits ("the Statement") available to Pommys Garments (India) Limited ("the Company") and its shareholders prepared in accordance with the requirements in Schedule VIII Clause (VII) (L) of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ("the Regulations")

We hereby report that the statement prepared by the Management of the Company, states the possible special tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act') and Income – Tax Rules, 1962 (together 'tax laws'), presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under 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 business imperatives which the Company may face in the future, the Company may or may not choose to fulfill.

The Company and its shareholders derive no special tax benefits under the Income - Tax Act, 1961 ('Act') and Income – Tax Rules, 1962 (together 'tax laws'). Also the Statement does not cover any general tax benefits available to the Company or its shareholders. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

- the Company or its shareholders will continue to obtain these benefits in future; or
- the Conditions prescribed for availing the benefits have been/would be met.

The contents of this 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 and the provisions of the tax laws.

No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.

We shall not be liable to Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

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

For M/s. Vivekanandan Associates
Chartered Accountants
Firm Registration no.: 0052685

Sd/-
CA S. Dehaleesan
Partner
M No: 027312
Date: 23/03/2018

SECTION IV: ABOUT THE COMPANY AND THE INDUSTRY

The information in this chapter has not been independently verified by us, the Lead Manager or any of our or their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Accordingly, investment decisions should not be based on such information.

All financial and statistical data in the following discussion is derived from publicly available documents from various sources, including the websites of the Ministry of Textile and India Brand Equity Foundation. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with this Issue have verified this information.

GLOBAL ECONOMIC OUTLOOK:

The global cyclical upswing that began midway through 2016 continues to gather strength. Only a year and a half ago, the world economy faced stalling growth and financial market turbulence. The picture now is very different, with accelerating growth in Europe, Japan, China, and the United States. Financial conditions remain buoyant across the world, and financial markets seem to be expecting little turbulence going forward, even as the Federal Reserve continues its monetary normalization process and the European Central Bank inches up to its own.

These positive developments give good cause for greater confidence, but neither policymakers nor markets should be lulled into complacency. A closer look suggests that the global recovery may not be sustainable as not all countries are participating, inflation often remains below target with weak wage growth, and the medium-term outlook still disappoints in many parts of the world. The recovery is also vulnerable to serious risks. Financial markets that ignore these risks are susceptible to disruptive repricing, and are sending a misleading message to policymakers. Policymakers, in turn, need to maintain a longer-term vision and seize the current opportunity to implement the structural and fiscal reforms needed for greater resilience, productivity, and investment. The possibility that they don't (governments far too often wait for crises to push them into decisive action) is itself a source of risks to the outlook, as well as a barrier to more inclusive and sustainable growth. Recent economic progress provides a global environment of opportunity, and policymakers should not let their chance go to waste.

The global upswing in economic activity is strengthening. Global growth, which in 2016 was the weakest since the global financial crisis at 3.2 percent, is projected to rise to 3.6 percent in 2017 and to 3.7 percent in 2018. The growth forecasts for both 2017 and 2018 are 0.1 percentage point stronger compared with the April 2017 World Economic Outlook (WEO) forecast. Broad-based upward revisions in the euro area, Japan, emerging Asia, emerging Europe, and Russia (where growth outcomes in the first half of 2017 were better than expected) more than offset downward revisions for the United States and the United Kingdom. But the recovery is not complete: while the baseline outlook is strengthening, growth remains weak in many countries, and inflation is below target in most advanced economies. Commodity exporters, especially of fuel, are particularly hard hit as their adjustment to a sharp step-down in foreign earnings continues. And while short term risks are broadly balanced, medium-term risks are still tilted to the downside. The welcome cyclical pickup in global activity thus provides an ideal window of opportunity to tackle the key policy challenges, namely to boost potential output while ensuring its benefits are broadly shared, and to build resilience against downside risks. A renewed multilateral effort is also needed to tackle the common challenges of an integrated global economy.

(Source: World Economic Outlook, October 2017 Seeking Sustainable Growth by International Monetary Fund, Retrieved from <https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017>)

OVERVIEW OF INDIAN ECONOMY:

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 increased 7.1 per cent in 2016-17 and is expected to reach a growth rate of 7 per cent by September 2018. Corporate earnings in India are expected to grow by over 20 per cent in FY 2017-18 supported by normalization of profits, especially in sectors like automobiles and banks.

The tax collection figures between April-June 2017 Quarter show an increase in Net Indirect taxes by 30.8 per cent and an increase in Net Direct Taxes by 24.79 per cent year-on-year, indicating a steady trend of healthy growth. The total number of e-filed Income Tax Returns rose 21 per cent year-on-year to 42.1 million in 2016-17 (till 28.02.17), whereas the number of e-returns processed during the same period stood at 43 million. 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\$ 404.92 billion in the week up to December 22, 2017, according to data from the RBI. With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India increased 53.3 per cent to US\$ 77.6 billion in 2017 while private equity (PE) deals reached US\$ 24.4 billion.

In the Union Budget 2017-18, the Finance Minister, verified that the major push of the budget proposals is on growth stimulation, providing relief to the middle class, providing affordable housing, curbing black money, digitalization of the economy, enhancing transparency in political funding and simplifying the tax administration in the country. India's unemployment rate has declined to 4.8 per cent in February 2017 compared to 9.5 per cent in August 2016, as a result of the Government's increased focus towards rural jobs and the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme. The Government of India, under the Make in India initiative, is trying to give boost to the contribution made by the manufacturing sector and aims to take it up to 25 per cent of the GDP from the current 17 per cent. Besides, the Government has also come up with Digital India initiative, which focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitization, globalization, favorable demographics, and reforms. India is also focusing on renewable sources to generate energy. It is planning to achieve 40 per cent of its energy from non-fossil sources by 2030 which is currently 30 per cent and also have plans to increase its renewable energy capacity from 57 GW to 175 GW by 2022. India is expected to be the third largest consumer economy as its consumption may triple to US\$ 4 trillion by 2025, owing to shift in consumer behavior and expenditure pattern, and is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by the year 2040.

GLOBAL TEXTILE INDUSTRY:

The textile and apparel industry has witnessed changes in the last few decades. Over the years, a major part of the industry has moved away from developed countries like the US, the EU and Japan to destinations like China, South Asia and South-East Asia. Two most vital variables which brought on this move were the availability of low-cost manpower and abundant of raw material in Asian countries. India, among the Asian countries, is one of the most competitive textile and apparel manufacturing centre today.

Today's textile and apparel sector is again at the cusp of some major structural changes. The demand pattern is governed by the economic growth of regions, which indicates a slowdown in developed countries while strong growth in China and India. The export growth rate of China has already slowed down, a trend that will lead China to lose some share of global market while still being the largest exporting nation. The opportunity arising because of China's export growth slowdown can help countries like India, Bangladesh, Vietnam, etc., to increase their trade share. FTAs of these suppliers with major markets of EU, the US and Japan will be of special importance. On the supply side, lack of growth in cotton output will help synthetics to gain share continually. These are some of the mega trends that will impact the industry structure over the next decade.

For the Indian industry, these are specifically interesting times. India stands a chance to gain a prominent market share because of China's growth slowdown, supporting the Government policies and a strong raw material base.

Some of these trends are discussed in detail here:

1. Global apparel consumption will touch \$2.6 trillion

The current global apparel market is estimated at \$1.7 trillion which forms approximately 2 per cent of the world GDP of \$73.5 trillion. Apparel consumption in top 8 economies constitutes approximately 70 per cent of the global consumption. All four BRIC nations appear among the top markets having a cumulative share of approximately 23 per cent. Combined apparel consumption of the US and the EU is 40 per cent while they are a home to just 11 per cent of the world population, implying a very high level of per capita expenditure on Apparel compared to the rest of the world.

An increase in the disposable income of the developing countries would mean that for an emerging or developing market the apparel consumption growth rate would be faster than its economic growth. Based on the projected GDP growth rate and its relation with the apparel market growth, it is projected that the global apparel consumption will increase to \$2.6 trillion by 2025.

2. China and India, big market opportunity

China and India have successfully leveraged their large human resource base, low manufacturing costs and large scale infrastructure to achieve a leading position in the world trade. While China has been at the forefront of attracting investments across the sectors, India is also catching up fast. In fact, India replaced China as the largest FDI recipient in 2015. The growing apparel market of China and India are expected to surpass several developed markets representing a significant portion of the global apparel consumption. Despite global uncertainties, the Chinese market grew at 15 per

cent annually while the Indian market grew at 11 per cent from 2007 to 2015. This can be attributed to the growing consuming class and continuous growth in the spending power in these two countries.

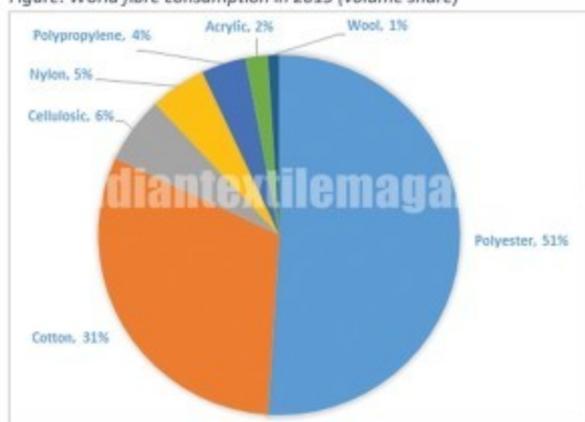
The present apparel market size of China and India is estimated to be \$237 billion and \$59 billion respectively. Over the next few years, the combined apparel retail economy of the two majors will represent a significant proportion of the global apparel consumption surpassing several developed markets. Both markets have shown robust growth in the past despite global uncertainties and slack demand. From 2007 to 2015, the Chinese market posted an annualized growth of 15 per cent whereas the Indian market registered a somewhat lower growth of 11 per cent. However, both the markets have performed better than the largest consumption regions (the US, the EU and Japan) where a change in economic conditions led to lower demand growth.

Both the Chinese and Indian economies are expected to maintain high growth rates in the next decade which will be the major driver of apparel market growth in both countries. Studies show that countries after achieving a per capita GDP of more than \$2,500 experience a spur of economic growth led by consumer spending. The Indian economy is expected to reach this target by 2020, whereas China is already well past this level.

Apart from economic growth, India's market expansion is expected to be supported by increasing youth population and high purchasing power, shift from need-based purchase to aspiration-based purchase, urbanization and growth of new retail formats with better reach. For China, the specific demand for kids wear is expected to rise with the abolition of one-child policy. Similarly, demand of outdoor wear and fast fashion categories is increasing rapidly. There is also gradual increase in spending of the Chinese customer from the offline to online retail channel.

Growth on the retail front will lead to a trickle-down effect in the local manufacturing value chain benefitting national manufacturers the most. Huge growth will make the domestic market more attractive than exports in many cases for national manufacturers.

Figure: World fibre consumption in 2015 (volume share)



Source: PCI Analysis

Reduction in the share of China in global exports in 2025 corresponds to a value of \$50 billion for which other apparel exporting nations will compete. The beneficiary nations of this opportunity would be those that have competitive manufacturing cost, FTA advantage with key markets, and good export infrastructure. But, the main issue to be addressed would be development of textile capability and scale of manufacturing comparable to that of China. Beyond the productivity, service and product development will be important for filling the void created by China. FTAs with US and the EU will be an added advantage but it is important to note that China thrived without them. None of the top five garment suppliers to the US – China, Vietnam, Bangladesh, Indonesia and India – today have any preferential access to the US. On the contrary, exports from countries in CAFTA, AGOA, etc., have continued to shrink in the last many years. Nations which can benefit most from Chinese growth slowdown include Vietnam, Ethiopia, Kenya, Myanmar, Bangladesh and India, but not necessarily in that order.

3. FTA will drive trade and investments in the sector

The textile and apparel industry is labor intensive industry. Hence several nations adopt a protected regime by imposing high duties to safeguard the interest of domestic manufacturers.

Key apparel markets like the EU, the USA and Japan have multiple market access arrangements with several key manufacturing nations. They have either entered into different types of trade arrangements or provided special status to certain countries, thereby lowering or eliminating tariff rates. Nations such as Bangladesh, Turkey, Sri Lanka, Pakistan, etc., have emerged as major apparel exporters mainly because of preferential duty access they have to one or more of these markets. In fact, China is the only large manufacturer of textile and apparel which does not have any special market access to the US, the EU or Japan. India has CEPA with Japan, but Indian textile and apparel exports to Japan are insignificant.

FTAs are gaining vital importance in the global textile and apparel industry. The US and the EU have begun negotiations on the Transatlantic Trade and Investment Partnership (TTIP); Trans-Pacific Partnership (TPP) involving the US and 11 other countries has been signed, and India, China, ASEAN nations and four others have initiated negotiations to establish the Regional Comprehensive Economic Partnership (RCEP). These three mega FTAs have the potential to change the global trade and investment flow owing to their cumulative economy size as well as population.

Apart from these mega FTAs, there are other bilateral agreements under various stages of implementation which will impact the global trade and investment flow in textile and apparel sector. For example, Vietnam-EU Free Trade Agreement (VEFTA), which will come into effect from 2018, is expected to boost the Vietnam’s apparel exports to the EU at the expense of other large exporters to the EU like China, Bangladesh, Turkey, India and Morocco.

GLOBAL APPAREL INDUSTRY:

General Data:

The global apparel market is valued at 3 trillion dollars, 3,000 billion, and accounts for 2 percent of the world's Gross Domestic Product (GDP). The fashion industry includes many sub industries, such as menswear, womenswear and sportswear.

- The womenswear industry is valued at 621 billion dollars
- The menswear industry is valued at 402 billion dollars
- The retail value of the luxury goods market is 339.4 billion dollars
- Children’s wear had a global retail value of 186 billion dollars
- Sports footwear is valued at 90.4 billion dollars
- The bridalwear industry is valued at 57 billion dollars

Employment:

| Apparel manufacturing number of people employed | Textiles number of people employed | Textiles & Clothing number of people employed |
|---|------------------------------------|---|
| • 14.5 million in 1990 | • 19.7 million in 1990 | • 34.2 million in 1990 |
| • 13.1 million in 1995 | • 16.8 million in 1995 | • 29.9 million in 1995 |
| • 13.0 million in 2000 | • 13.5 million in 2000 | • 26.5 million in 2000 |
| • 24.8 million in 2014 | • 33.0 million in 2014 | • 57.8 million in 2014 |

INDIAN TEXTILE INDUSTRY:

Introduction:

The Textile Sector in India ranks next to Agriculture. Textile is one of India’s oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. The textile industry occupies a unique place in our country. One of the earliest to come into existence in India, it accounts for 14% of the total Industrial production, contributes to nearly 30% of the total exports and is the second largest employment generator after agriculture.

Textile Industry is providing one of the most basic needs of people and the holds importance; maintaining sustained growth for improving quality of life. It has a unique position as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value-addition at each stage of processing; it is a major contribution to the country's economy. The Indian textile industry is one of the largest in the world with a massive raw material and textiles manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% to the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. So much so, the textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agricultural based raw-material production like cotton and related trade and handling could be stated to be around another 60 million.

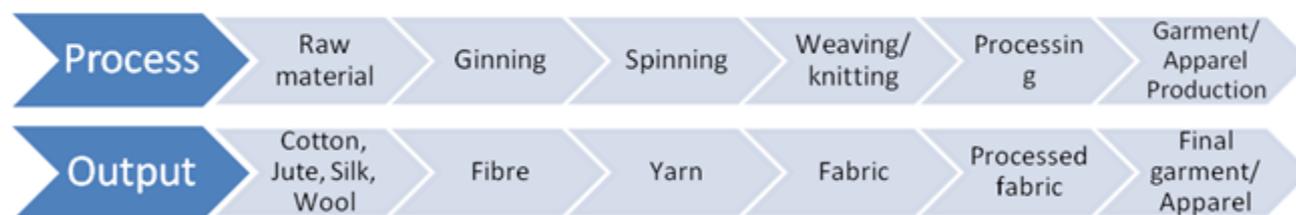
A textile is the largest single industry in India (and amongst the biggest in the world), accounting for about 20% of the total industrial production. It provides direct employment to around 20 million people. Textile and clothing exports

account for one-third of the total value of exports from the country. There are 1,227 textile mills with a spinning capacity of about 29 million spindles. While yarn is mostly produced in the mills, fabrics are produced in the powerloom and handloom sectors as well. The Indian textile industry continues to be predominantly based on cotton, with about 65% of raw materials consumed being cotton. The yearly output of cotton cloth was about 12.8 billion m (about 42 billion ft). The manufacture of jute products (1.1 million metric tons) ranks next in importance to cotton weaving. Textile is one of India's oldest industries and has a formidable presence in the national economy inasmuch as it contributes to about 14 per cent of manufacturing value-addition, accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. They include cotton and jute growers, artisans and weavers who are engaged in the organised as well as decentralised and household sectors spread across the entire country.

EVOLUTION AND BACKGROUND OF TEXTILE INDUSTRY:

| | |
|---------------------|--|
| Pre 1900s | <ul style="list-style-type: none"> The 1st Cotton textile mill of Mumbai was established in 1854. The 1st cotton mill of Ahmedabad was found in 18615; it emerged as a rival centre to Mumbai. |
| 1901-2000 | <ul style="list-style-type: none"> Number of mills increased from 178 in 1901 to 417 in 1945 Out of 423 textile mills of the undivided India, India received 409 after partition and the remaining 14 went to Pakistan In 1999, TUFS was set up to provide easy access to capital for technological up gradation TMC was launched to address issues related to low productivity and infrastructure In 2000, NTP was announced for the overall development of the textile and apparel industry |
| 2000-2015 | <ul style="list-style-type: none"> SITP was implemented to facilitate setting up of textile units with appropriate support infrastructure. After MFA cotton prices are aligned with global prices Technical textile industry will be a new growth avenue Free trade agreement with ASEAN countries and proposed agreement with EU under discussion Restructured TUFS was launched attracting a subsidy cap of US \$ 420.65 Million |
| 2016 onwards | <ul style="list-style-type: none"> Make in India campaign was launched to attract manufacturers and FDI Technology Mission for Technical Textile has been continued Under Union budget 2017-18, Government of India allocated around US\$ 926.66 million for textile Industry. Major focus of this budget is to attract manufacturers. Initiate technology upgradation and setup Integrated textile parks, etc. 1,399 operational textile mills(Non-Small Scale Industry) in the country in 20147 |

KEY SEGMENTS OF TEXTILE INDUSTRY:



Indian Textile Industry Structure and Growth:

India's textile industry is one of the largest economies in the world. In 2000/01, the textile and garment industries accounted for about 4 percent of GDP, 14 percent of industrial output, 18 percent of industrial employment, and 27 percent of export earnings (Hashim). India's textile industry is also significant in a global context, ranking second to China in the production of both cotton yarn and fabric and fifth in the production of synthetic fibers and yarns.

In contrast to other major textile-producing countries, mostly small-scale, non-integrated spinning, weaving, cloth finishing, and apparel enterprises, many of which use outdated technology, characterize India's textile sector. Some, mostly larger, firms operate in the "organized" sector where firms must comply with numerous government labor and tax regulations. Most firms, however, operate in the small-scale "unorganized" sector where regulations are less stringent and more easily evaded.

The unique structure of the Indian textile industry is due to the legacy of tax, labor, and other regulatory policies that have favored small-scale, labor-intensive enterprises, while discriminating against larger scale, more capital-intensive operations. The structure is also due to the historical orientation towards meeting the needs of India's predominately low-income domestic consumers, rather than the world market. Policy reforms, which began in the 1980s and continued into the 1990s, have led to significant gains in technical efficiency and international competitiveness, particularly in the spinning sector. However, broad scope remains for additional reforms that could enhance the efficiency and competitiveness of India's weaving, fabric finishing, and apparel sectors.

Structure of India's Textile Industry:

Unlike other major textile-producing countries, India's textile industry is comprised mostly of small-scale, non-integrated spinning, weaving, finishing, and apparel-making enterprises. This unique industry structure is primarily a legacy of government policies that have promoted labor-intensive, small-scale operations and discriminated against larger scale firms:

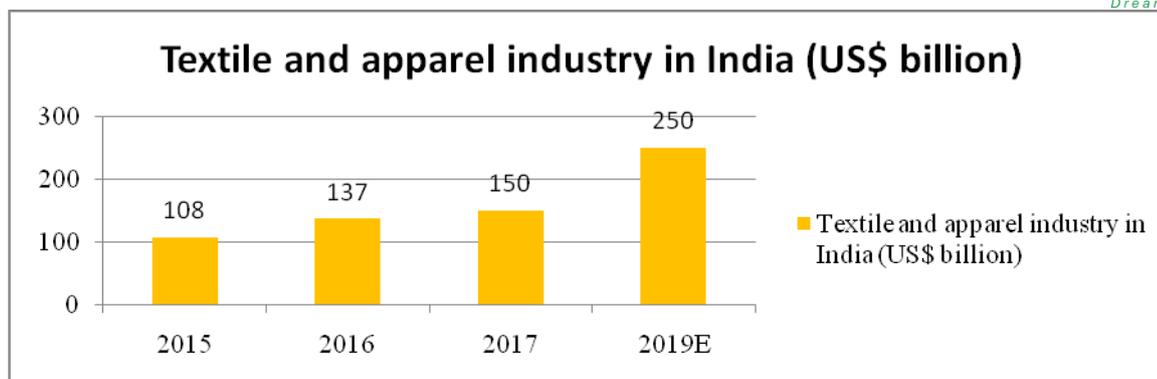
- **Composite Mills.** Relatively large-scale mills that integrate spinning, weaving and, sometimes, fabric finishing are common in other major textile-producing countries. In India, however, these types of mills now account for about only 3 percent of output in the textile sector. About 276 composite mills are now operating in India, most owned by the public sector and many deemed financially "sick."
- **Spinning.** Spinning is the process of converting cotton or manmade fiber into yarn to be used for weaving and knitting. Largely due to deregulation beginning in the mid-1980s, spinning is the most consolidated and technically efficient sector in India's textile industry. Average plant size remains small, however, and technology outdated, relative to other major producers. In 2002/03, India's spinning sector consisted of about 1,146 small-scale independent firms and 1,599 larger scale independent units.
- **Weaving and Knitting.** Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. India's weaving and knitting sector remains highly fragmented, small-scale, and labor-intensive. This sector consists of about 3.9 million handlooms, 380,000 "powerloom" enterprises that operate about 1.7 million looms, and just 137,000 looms in the various composite mills. "Powerlooms" are small firms, with an average loom capacity of four to five owned by independent entrepreneurs or weavers. Modern shuttleless looms account for less than 1 percent of loom capacity.
- **Fabric Finishing.** Fabric finishing (also referred to as processing), which includes dyeing, printing, and other cloth preparation prior to the manufacture of clothing, is also dominated by a large number of independent, small scale enterprises. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving, or knitting units.
- **Clothing.** Apparel is produced by about 77,000 small-scale units classified as domestic manufacturers, manufacturer exporters, and fabricators (subcontractors).

Growth of Textile Industry

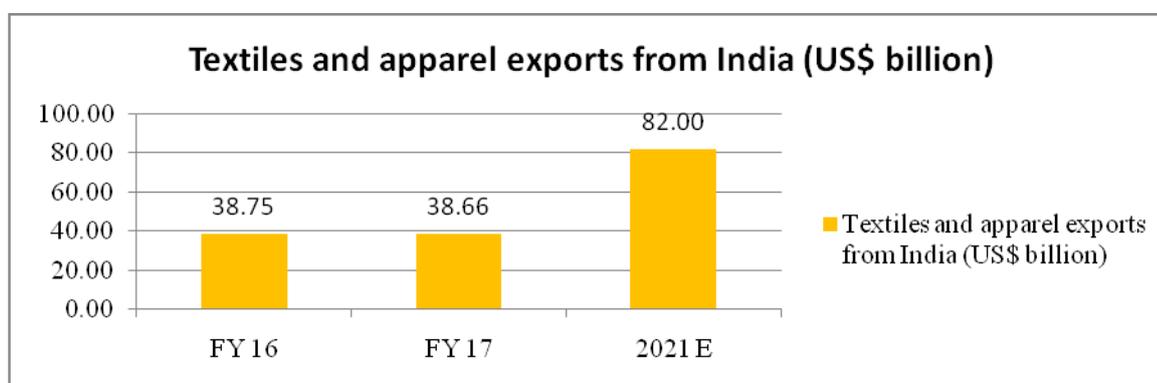
India has already completed more than 50 years of its independence. The analysis of the growth pattern of different segment of the industry during the last five decades of post independence era reveals that the growth of the industry during the first two decades after the independence had been gradual, though lower and growth had been considerably slower during the third decade. The growth thereafter picked up significantly during the fourth decade in each and every segment of the industry. The peak level of its growth has however been reached during the fifth decade i.e., the last ten years and more particularly in the 90s. The Textile Policy of 1985 and Economic Policy of 1991 focusing in the direction of liberalisation of economy and trade had in fact accelerated the growth in 1990s. The spinning spearheaded the growth during this period and man-made fibre industry in the organised sector and decentralised weaving sector.

Size of Textile Industry in India.

- The textile industry in India covers a wide gamut of activities ranging from production of raw material like cotton, jute, silk and wool to providing high value-added products such as fabrics and garments to consumers.
- The industry uses a wide variety of fibres ranging from natural fibres like cotton, jute, silk and wool to manmade fibres like polyester, viscose, acrylic and multiple blends of such fibres and filament yarn.
- The textile industry plays a significant role in Indian economy by providing direct employment to an estimated 35 million people, by contributing 4 per cent of GDP and accounting for 35 per cent of gross export earnings. The textile sector contributes 14 per cent of the value-addition in the manufacturing sector.
- Textile exports during the period of April-February 2003-2004 amounted to \$11,698.5 million as against \$11,142.2 million during the same period in the previous year, showing an increase of around 5 per cent.
- Estimates say that the textile sector might achieve about 15 to 18 per cent growth this year following dismantling of MFA.



- Rising per capita income, favorable demographics and a shift in preference to branded products to boost demand.
- The domestic textile industry in India is projected to reach US\$ 250 billion by 2019 from US\$ 150 billion in July 2017



Role of Indian Textile Industry in the Economy

Textile industry plays a significant role in the economy. The Indian textile industry is one of the largest and most important sectors in the economy in terms of output, foreign exchange earnings and employment in India. It contributes 20 per cent of industrial production, 9 per cent of excise collections, 18 per cent of employment in industrial sector, nearly 20 per cent to the country's total export earnings and 4 per cent to the GDP. The sector employs nearly 35 million people and is the second highest employer in the country. The textile sector also has a direct link with the rural economy and performance of major fibre crops and crafts such as cotton, wool, silk, handicrafts and handlooms, which employ millions of farmers and crafts persons in rural and semi-urban areas. It has been estimated that one out of every six households in the country depends directly or indirectly on this sector.

India has several advantages in the textile sector, including abundant availability of raw material and labour. It is the second largest player in the world cotton trade. It has the largest cotton acreage, of about nine million hectares and is the third largest producer of cotton fibre in the world. It ranks fourth in terms of staple fibre production and fourth in polyester yarn production. The textile industry is also labour intensive, thus India has an advantage.

Government Initiatives

With a view to raise India's share in the global textiles trade to 10 per cent by 2015 (from the current 3 per cent), the Ministry of Textiles proposes 50 new textile parks. Out of the 50, 30 have been already sanctioned by the government (with a cost of US\$ 710 million). Set up under the Scheme for Integrated Textile Parks (SITP), this initiative will not only make the industry cost competitive, but will also enhance manufacturing capacity in the sector.

Apart from the above, a series of progressive measures have been planned to strengthen the textile sector in India:

- Technology Mission on Cotton (TMC)
- Technology Upgradation fund Scheme (TUFS)
- Setting up of Apparel Training and Design Centres (ATDCs)
- 100 per cent Foreign Direct Investment (FDI) in the textile sector under automatic route.
- Setting up two design centres in Gujarat in collaboration with National Institute of Fashion Technology.
- Setting up a Handloom Plaza in Ahmadabad with an estimated investment of US\$ 24.6 million.
- Revival plans of the mills run by National Textiles Corporation (NTC). Already, for the revival of 18 textile mills, US\$ 2.21 million worth of machineries has been ordered for the upgradation and modernization of these mills.

- Setting up a handloom mall with an investment of US\$ 24.6 million at Jahangir Mill in Ahmadabad.
- Scrapping of the Textile Committee cess being collected from the textile and textile machinery industry under the Textile Committee Act.

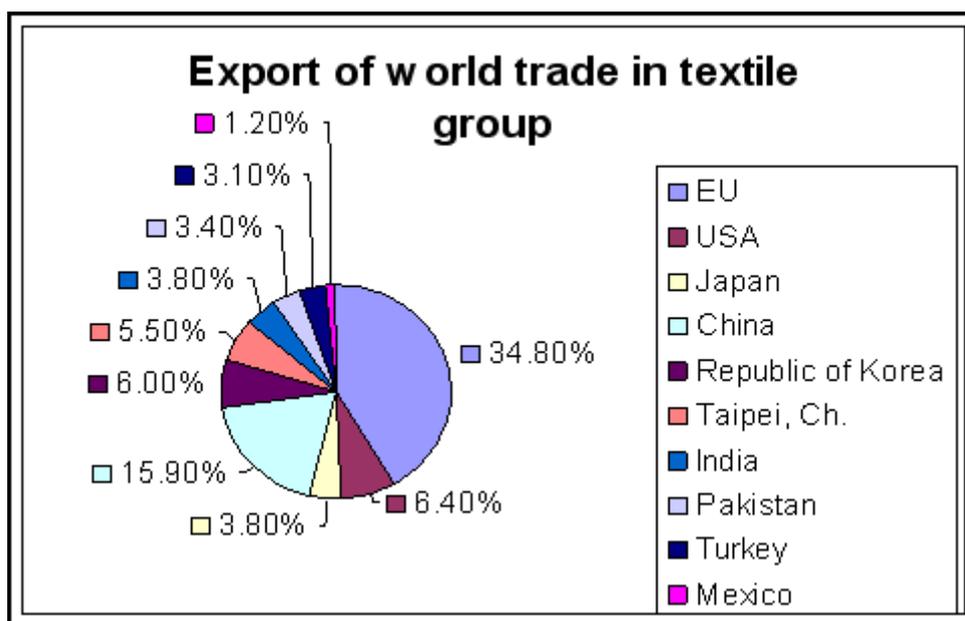
In a further bid to bolster the envisaged annual growth rate of 11 per cent, the Government will also increase the TUF (Technology Upgradation Fund) from US\$ 124 million in 2006-07 to US\$ 211 million in 2007-08. The Government of India has also included new schemes in the Annual Plan for 2007-08 to provide a boost to the textile sector. These include schemes for Foreign Investment Promotion to attract foreign direct investment in textiles, clothing and machinery; Brand Promotion on Public-Private Partnership (PPP) approach to develop global acceptability of Indian apparel brands; Trade Facilitation Centres for Indian image branding; Fashion Hubs for creation of permanent market place for the benefit of Indian fashion industry; Common Compliance Code to encourage acceptability among apparel buyers and Training Centres for Human Resource Development on Public Private Partnership (PPP) mode.

In Textile Scenario

In exports Cotton yarns, fabric, made ups etc made largest chunk with US\$ 3.33 Billion or 26.5% in textiles category, and Ready Made garments (RMG)-cotton including accessories made largest chunk with 4.67 Billion US \$ or 37.1 % of total exports. Whereas, manmade yarn and fabrics in textiles group and RMG–Manmade fibers constituted second position in the two categories, respectively. Carpets and woolen garments are other items exported from India.

In Global scenario

Developed countries' exports declined from 52.2% share in 1990 to 37.8 % in 2002. And that of developing countries increased from 47.8% to 62.2 % in the same period. In 2003 the exports figures in percentage of the world trade in Textiles Group (for select countries) were:



The above chart clearly shows that export of world trade in textile group. Among world textile group EU occupies 34.80% of export, next China at 15.90%, USA at 6.40%, Republic of Korea at 6.00% Taipei, Ch at 5.50%, India and Japan at 3.80% respectively, Pakistan at 3.40%, turkey at 3.10% and Mexico at 1.20%. In Clothing Sector the figures were as below in 2003 in percentage of total experts globally:



In this sector the exports have declined for EU (15) from 42% to 26.5% in period 1980-2003 whereas of China increased from 4% to 23% and of India from 1.7% to 2.9% only. We can see that developing countries' share in textiles had declined and in clothing it has increased sharply.

EXPORT SCENARIO:

Textiles contributed 20% of India's exports to about US \$ 12.5 Billion. The Quota Countries mainly USA, EU (15) and Canada constituted 70 % of total garment exports and 40% of India's textiles exports. In non-quota countries UAE is the largest market with 7% of textile exports and 10% of garment exports from India.

APPAREL INDUSTRY IN INDIA:

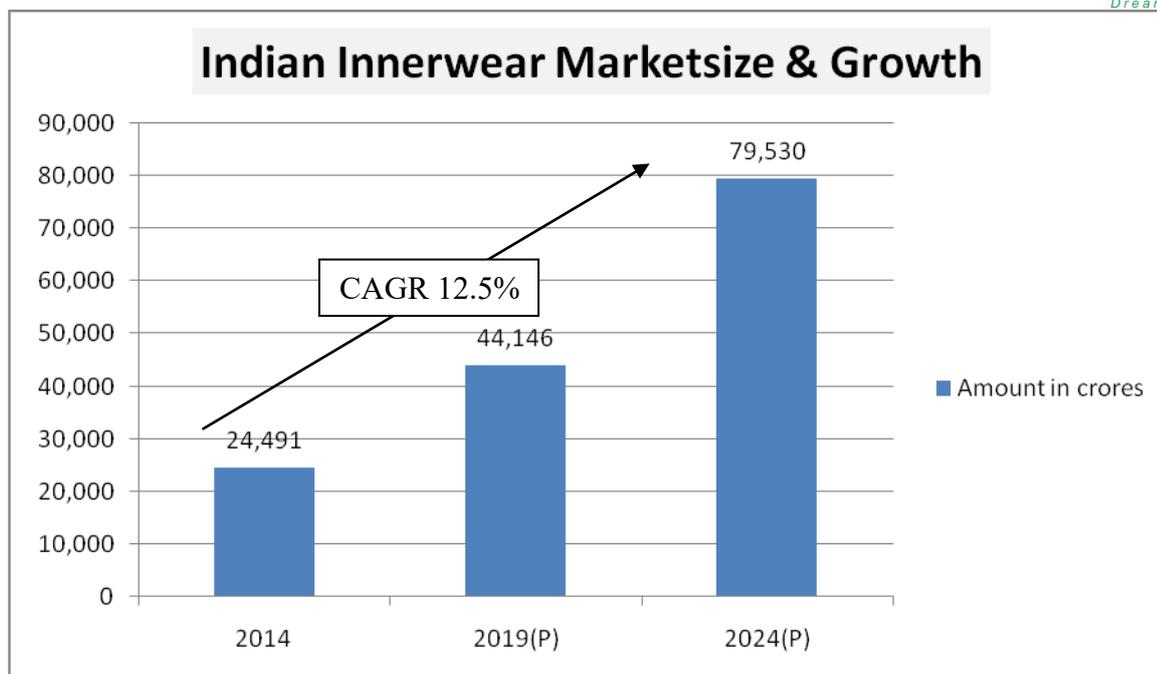
Indian textiles and apparel have a history of fine craftsmanship and global appeal. Cotton, silk and denim from India are highly popular abroad and with the upsurge in Indian design talent, Indian apparel too has found success in the fashion centres of the world.

The Indian textile and apparel industry is one of the largest in the world with an enormous raw material and manufacturing base. The present domestic textile industry is estimated at US\$ 33.23 billion and unstitched garments comprise US\$ 8.307 billion. The industry is a significant contributor to the economy, both in terms of its domestic share and exports.

Indian Innerwear & Sleepwear Market

Various industry estimates put the overall market for innerwear products at approx ₹ 24,000 crore (2015), constituting approx 7.3% of the apparel market. The market has registered a 15% CAGR over 2010-15. The women's segment dominates, making up approx 60% (₹ 14,500 crore); the men's segment takes the next place (35%, approx ₹ 8,500 crore); the kids' segment trails with approx ₹ 900 crore. The innerwear market is estimated to grow at 13% CAGR and expected to become a ₹ 47,000 crore market which is nearly 8% of the total estimated apparel market, by the year 2020, led by increasing urbanization, unorganized to organized shift, preference towards branded products, organized retailing, premiumization, etc. The introduction of GST could be a game changer for highly unorganized innerwear industry. The industry estimates the organised operations at approx 45-50% of the overall innerwear market; this indicates the immense growth opportunities for brand-named Companies. There is an increased demand for better fits and quality alongside the demand for a wider range of colours, styles and accessories for innerwear by women. Women are increasingly getting conscious about the brands and styles of their intimate wear too. In fact, this changing preference is no longer restricted to just the metros, but has spread to mini metros, tier-I, II and III cities. This openness to indulge in branded lingerie has led to a growth in the number of international and domestic innerwear brands present in India. Within the women's innerwear segment, there is potential of growth in maternity wear segment. Currently only select brands, mostly international ones, offer multiple styles of maternity products.

The sleepwear category for women includes chemise, pyjamas sets, short length and long robes, tube dresses, nightgowns and nightshirts, top-pyjamas night suits. In comparison, for men, shorts, t-shirts, and pyjamas form the core product range. In this category, consumers are not very brand-driven but are design, styles, and comfort-driven.



Key Markets and Export Destinations

The main markets for Indian textile and apparel exports are:

- United States
- European Union
- Parts of Asia
- Middle East

In the near future, India's apparel exports to developed markets are expected to increase considerably. Apparel exports from India are expected to reach US\$ 82 billion by 2021 and total cloth production in India is expected to reach 112 billion square metres by FY17. In 2013-14, India exported apparels worth of US\$ 14.93 Bn.

Apparel Export Promotion Council

The Apparel Export Promotion Council (AEPC) is the official body of apparel exporters that provides assistance to Indian exporters, as well as to importers/international buyers choosing India as their preferred sourcing destination for garments.

Source: India Brand Equity Foundation

KEY DEMAND DRIVERS:

1. Increasing female population:

India is witnessing an increase in the female population. The sex ratio has increased from 933 females per 1000 males to 943 females per 1000 males. Considering the increasing size of the Indian women population, there is a very large market opportunity for branded and lifestyle product, as the women are more brand conscious and have the eagerness to spend on the lifestyle products.

2. Rising levels of disposable income:

Disposable income is the income remaining after deduction of taxes and social security charges, available to be spent or saved as one wishes. The increase in disposable income will indirectly mean that spending on products that cater to personal needs will increase and thus a part of that increased income shall make a contribution to this industry too. Thus the disposable income is expected to grow by similar rates over the next five years thereby driving growth in the demand for clothing in general.

3. **Fabric innovation and new & more varied style:**

Changes in machinery used have now brought into innovation in fabric and styles. The electronic knitting machines have replaced mechanical knitting machines. All this has resulted into increased productivity. More and more women are becoming fashion conscious and trendy. The continuous thirst for innovation has driven the industry to discover more; do the unimaginable and invest heavily in research and development. As a matter of fact, if successful, the technology receives grand welcome from the entire industry.

4. **Increase in number of working women:**

With the increase in class of working women, their desire to spend a part of their hard earned money on themselves is also increasing and thus a large contribution of the disposable income at the hands of women goes into loungewear industry. This buying group is more demanding in their choice of inner-wear looking for quality products that satisfy comfort, fitting, styling needs etc. This has resulted in a qualitative shift of consumers from low and economy segment to premium and super premium segment. This segment is now considered as the major growth segment.

5. **More time spent at home:**

In the normal life of a person, most of his time is spent at home. This could be for various reasons like:

- With the recession people are cutting down on drinking and eating out and enjoying at home instead.
- The trend of “work from home” for employees gives option to stay at home even on working days.
- After spending hours working at the office, people wish to spend more time at home with their families.

All this contributes to the rise in demand for comfortable, easy-to-wear clothing that can be worn around the home for long hours.

6. **Seasonality:**

Over half of the consumers still only buy new nightwear to replace old items, but the importance of temperature when going to sleep means that there is potential to create more seasonal styles of sleepwear incorporating innovative fabric developments. While almost four in ten people want nightwear that keeps them cool and fresh and more than three in ten want to feel warm and snug when they go to bed, it creates shoppers that buy new sleepwear to suit the weather or season.

7. **Growing fashion trends:**

People have become fashion conscious about every little thing in their life. Thus even when it comes to loungewear, people wish to have new and trendy styles in their wardrobe. This creates lots of opportunities in the market for manufacturers/brands to come up with different styles and designs in the loungewear sector.

OUR BUSINESS

Business Overview

Our company was originally incorporated on December 03, 2009 in the state of Tamil Nadu as a Private Limited Company under the name and style of “**POMMYS GARMENTS (INDIA) PRIVATE LIMITED**” and received a certificate of incorporation. Subsequently, pursuant to a special resolution passed by the shareholders at an EGM held on October 23, 2017, our company was converted into a Public Limited Company and the name of the Company was changed to “**POMMYS GARMENTS (INDIA) LIMITED**”. A fresh certificate of incorporation dated November 09, 2017 was issued by the RoC to affect the name change.

Our Company is one of the leading garment manufacturer based in Rajapalayam City, Tamil Nadu, specializing in women’s clothing. The brand “POMMYS” has built a strong goodwill for itself in the domestic market and commands a premium. Our company is into manufacturing and marketing of various garments such as Night Dress, Ladies Innerwear, Leggings, Kurtis and Skirts. The Company expanded its product portfolio by adding other garments like Frocks for kids during August 2013 and Shirts for men during September 2016.

The company’s focus is on wholesaling of Pommys’s branded clothing for both women and children, and Shirt manufacturing. The emphasis of the company has been on the use of quality materials and conforming to high quality control standards which ensures that the manufactured goods are of the highest quality and consistency, thereby earning the trust and confidence of our customers. Pommys remains dedicated towards producing only the highest quality designs. As part of our emphasis to involve our clients in the production process, we go the extra mile to develop samples and produce patterns to ensure that our clients’ concepts are fully captured in our products.

During the year 1998, the promoters Mr. A.Inico Inbaraj and Mr. K. Raja joined hands and started their business at a rented place measuring 300 sq.ft with 2 tailors to manufacture ladies In-Skirts. In the year 1999, Nighties became the most popular wearable product among the lady folks in Tamil Nadu. The garment unit which was run by the promoters changed its focus into product orientation and moved towards manufacture of Nighties. Our design and production unit kept introducing Nighties with latest trendiest patterns and designs which attracted more customers and thereby boosting our company’s turnover. The increase in demand stimulated the need to increase the production level as well. To attain the required production levels, in the year 2005, our promoters set up a new manufacturing facility in an area of 6,000 sq. ft at Dhalavaipuram and started production activities. Thereafter during 2008, our promoters acquired 1.63 acres of land at near the existing factory and set up 20,000 sq. ft facilities for garment manufacturing activities. Currently we operate our garment factory in Dhalavaipuram, with a combined strength of around 400 tailors who stitch quality garments and breathe designs into our apparels. Our average operational capacity each year from our factory totals up to over a twenty lakh pieces of quality garments. The company also possesses the ability to increase its operational capacity as and when required on the basis of customer demands. Apart from the manufacturing activity undertaken by the company, the company also gets job work done for Innerwears.

Our Company has 50 Retail Outlets out of which 12 are Pommys Boutiques where all kinds of wearable and inner garments exclusively for ladies are sold, 5 are Pommys Silks - Family Shops where all types of wearable of various brands for the entire family can be purchased and the rest are EBO’s (Exclusive Brand Outlets) featuring garments of “POMMYS” brand. With presence in more than 25 cities, Pommys Retail is one of Tamil Nadu’s largest fashion destinations, selling more than two lakhs garments a month. The company is presently supplying its products to over 400 textile showrooms throughout the state of Tamil Nadu. Our Company has been felicitated with Best supplier Award – SAM’06 (2006), INDIA SME 100 Awards (2015-2016), Global SME Award and India 5000 Best MSME award (2017).

For the year ended March 31, 2017, we had sales of ₹ 15,463.86 Lakhs and Net Profit after tax of ₹ 96.42 Lakhs, as compared to Sales of ₹ 12,536.60 Lakhs and Profit after tax of ₹ 58.90 Lakhs for the year ended March 31, 2016. For the six months period ended September 30, 2017 we had sales of ₹ 12,619.49 Lakhs and Net Profit after tax of ₹ 211.02 Lakhs.

Our Competitive Strength

We believe that the following are our primary competitive strengths:

Experienced promoters and management team

Our Promoters Mr. A.Inico Inbaraj and Mr. K.Raja, possesses over two decades of work experience in the garment industry. The promoters are actively involved in the operations of the company and have been instrumental in the company’s growth trajectory. Apart from the promoters, our company is also supported by a team of experienced professionals in the field of production and marketing who have been associated for over a decade. We believe that our ability to attract and retain our key management personnel is a key to the growth of our company.

Design expertise, with a pulse on fashion

Creative team of artisans and master tailors are the backbone of Pommys's success. Our design and production unit keep on introducing Nighties which are in line with the latest trendiest patterns and designs thereby ensuring our clients' concepts are fully captured in our products. We are one of the few manufacturers in India who are capable of manufacturing custom-made items for our clients with quick turnaround time. Our quality assurance and fastidiousness to adhere to clients specifications has won the trust of our customers.

Strong brand recall in the state of Tamil Nadu

The brand "POMMYS" has built a strong goodwill for itself in the domestic market and commands a premium for its quality products. We regularly advertise **Pommys Brand** on public media like Satellite Channels, Radio Channels & other print media. Our company has roped in Tamil Cine Actress Ms. Devayani as a Model and for its product advertising. This has helped our brand to penetrate each and every household in Tamil Nadu thereby leading to a strong brand recall for the company's products

Strong Marketing and Distribution network

Our Company has 50 Retail Outlets out of which 12 are Pommys Boutiques where all kinds of apparels and inner garments exclusively for ladies are sold, 5 are Pommys Silks - Family Shops where all types of apparels of various brands for the entire family can be purchased and rest are EBOs (Exclusive Brand Outlets) featuring garments of "POMMYS" brand. With a presence in more than 25 cities, Pommys Retail is Tamil Nadu's one of the largest fashion destinations, selling more than two lakh garments a month. Besides this, our company is also supplying its products to over 400 textile showrooms throughout the state of Tamil Nadu and Pondicherry. The company also sells its products online through its website.

Strong sourcing capabilities

The company for the purpose of manufacturing its products procures its raw materials from the states of Maharashtra, Gujarat, Rajasthan and Tamil Nadu. Over a span of twenty years, the company has garnered market intelligence to obtain quality products with unique designs at low cost. In addition to this, the company also procures apparels for trading from vendors all over India. These apparels are handpicked to be in line with the latest trends and popular demand of our customers.

The company is able to enjoy high discounts on the apparels purchased for trading owing to bulk purchases for distribution through its sales channels.

Our company also sources its products namely Silk and Cotton Sarees directly from weavers keeping in mind the taste and preferences of our customers thereby enabling the company to shorten the marketing and sales channel giving it an advantage over its competitors.

Our Strategies

Our business strategy focuses on the following:

Backward Integration

Presently, the company sources fabrics from third party suppliers located in various parts of the country. The company in the near future proposes to purchase yarn and supply to weaving factories to get the fabrics manufactured. With the fabric so produced, the company shall provide details of designs, prints and colours and get the cloth manufactured on a job work basis. This process, shall reduce the cost of production resulting in higher net margins. This will also provide a competitive edge in feeding the markets with special designs and prints on cloth. The entire above mentioned process is proposed to be done under the direct supervision of the promoters of the company, thus the quality of the end product shall be ensured on a sustainable basis.

Expand our product portfolio

We plan to leverage on our brand Pommys and expand our product portfolio. Presently the major items manufactured by us include Nighties, Night Suit and Inskirts. We propose to increase the production of Kurties, Brassieres and Panties. We also propose to increase the production of Shirts under the brand name LB

Expand our geographical presence

Presently we sell our products through our retail outlets and other stores in Tamil Nadu and Pondicherry. We propose to set up more than 15 retail outlets during FY 18-19. The said new outlets shall be located in the area uncovered in Tamil

Nadu and other southern states viz. Kerala, Karnataka, Andhra Pradesh and Telangana. It is also proposed to expand its distribution network by appointing district wise distributors at pan India level. The company proposes to expand its business by appointing distributors to deal in the company's products in the overseas market viz. in the region of Malaysia, Sri Lanka and Singapore.

Our Products

| | |
|--------------------|---|
| Ladies Wear | Night Dress, Innerwear, Leggings, Kurtis, Skirts, Pattiala Pants, Gathering Pants, Chudidar |
| Kids Wear | Night Dress, Frocks |
| Men's Wear | Shirts |

Export obligation

As on the date of this Draft Prospectus, our company does not have any export obligations.

Manufacturing

Our manufacturing facilities is spread over a total area of over 32460 sq ft at Dhalavaipuram, Srivilliputhur, Watrap, Rayagiri and Sengottai in the Indian State of Tamil Nadu. This place is gifted with many skilled labours, easy access to surrounding markets and suitable climate conditions. Our average operational capacity per year from our factory adds upto twenty lakh pieces of quality garments, with the ability to increase our operational capacity as and when required by customers. A complete range of specialized machines which are needed for all critical operations like cutting, sewing, pressing, finishing and quality control are housed under one roof ensuring speed, consistency and quality.

Following is the list of major machineries owned by Company:

| Sr. No. | Description | Units (In No.) |
|---------|-----------------------------------|----------------|
| 1. | Sewing Machine | 377 |
| 2. | Brother Stitching Machine | 169 |
| 3. | Brother Interlocking Machine | 4 |
| 4. | Button and Kaja Stitching Machine | 4 |
| 5. | Cutting Machine | 11 |
| 6. | Advance fusion and steam iron | 20 |
| 7. | Computer Embroidery Machine | 3 |
| 8 | Brother Pattern maker | 1 |

Manufacturing and Retailing Process



1. Product Development/Idea Generation and Design

Every successfully implemented product is a result of a long and painstakingly supervised innovation process. While principles and methods of idea development are universal for all industries, there is no strict rule regarding the steps from idea generation to implementation. With the help of various designing technologies our team aspires to create designs which are sophisticated and comfortable. Our production process flow commences with the conceptualization of the trends, range, choice of fabric, colour, designing pattern, look and feel of the product and other details. Based on this, relevant fashion trends are forecasted to draw an inspiration for various product lines. Fabrics are designed, embellishments and styling are planned to create collections based on the inspirations and the samples are prepared.

2. Manufacturing Approach and Process

Once the samples are approved by the marketing team, the product in terms of its quantities, prices, designs and other parameters are finalized. Thereafter, as a marketing practice, our Company creates fashion catalogues and the same is marketed with the direct sales agents and distributors to capture their response. All apparent and intricate corrections are made in the product sample so as to make it free from errors. Accordingly, a detailed production schedule is devised.

a. Procurement and Inspection of Raw Material:

As per the production schedule the raw materials and accessories are procured from various sources but before the finalization process, we analyze the quality, durability, cost etc. of the raw materials. The raw materials are subjected to stringent inspection process i.e., shrinkage test and washing test by our quality assurance and control team.

b. Quality assurance and control:

Our quality assurance and control team assures that the size, colour and texture are correct after the wash. Once everything is checked, the factory is given a green signal by the quality assurance and control team to go ahead with the bulk production.

c. Inspection of the Finished Goods:

Our Company attaches utmost importance to the quality of our final product. Hence it is ensured that each garment is individually checked and it is free from any defects. It is ensured that every piece which is

manufactured is as per the required quality standards. Our quality assurance and control team is responsible for ensuring that all finished goods are free from defects and are manufactured as per the specified measurements. Any product having variation beyond acceptable limits is rejected. Finishing of products involves removal of loose and unwanted threads, proper and customized ironing. The quality assurance and control team carries out frequent checks on the process and product specifications. The finished products are stacked in cartons and are sent to the central warehouse facility for labelling, packaging and insert cards.

3. Labeling and final packaging

Labeling is done according to the brands to each of our products and as per the specifications provided by the merchandising team in our centralized warehouse facility. Care is taken to make the packaging attractive and it also protects the products from damage. The finished products after labeling are packed into cartons and stored in our central warehouse for further distribution to the customers, carrying & forwarding agents and distributors.

4. Distribution and marketing process

The work is given to our dispatch team, to ensure that products flow directly to the outlets from the centralized warehouse facility in a timely and cost efficient manner. The responsibility of the dispatch team includes inventory management and supply chain management. Periodic reporting at registered office and co-ordination by dispatch team with other departments is maintained to ensure smooth and uninterrupted distribution flows.

Raw Materials

The company for the purpose of manufacturing its products procures its raw materials from the states of Maharashtra, Gujarat, Rajasthan and Tamil Nadu. Over a span of twenty years, the company has garnered market intelligence to obtain quality products with unique designs at low cost. In addition to this, the company also procures apparels for trading from vendors all over India. These apparels are handpicked to be in line with the latest trends and popular demand of our customers.

The company is able to enjoy considerable discounts on the apparels purchased for trading owing to bulk purchases for distribution through its sales channels.

Collaborations

The Company has so far not entered into any technical or financial collaboration agreements.

Existing Utilities

- Power
In the manufacturing facility owned by our Company at Dhalavaipuram, the sanctioned load by TNEB is 75.52 KW (100.69 HP) against which the present minimum usage is of 70 KVA (84 HP approx). As a backup, our Company has one DG set (generator) of 125 KVA (134 HP approx).
- Water
In the manufacturing facility owned by our Company at Dhalavipuram, we have a regular supply of water from Grampanchayat. Apart from that the company has dug up borewell at its factory premises.
- Fuel
In the manufacturing facility owned by our Company at Dhalavipuram, we use diesel for the DG set (generator), which are used as standby arrangement for power. The present usage of diesel is 1900 litres approximately p.a. for the DG set (generator). Also, the same is utilized by MAPL wherein expenses are borne by them according to usage.

Marketing Arrangement

As a marketing practice, our Company creates fashion catalogues and the same is marketed with the direct sales agents and distributors to capture their response Besides selling through its own outlets, the company has distributors who distribute the products of the company to over 400 textile showrooms. The Marketing team of the company visits various Textile Stores and canvass orders for bulk quantities for the various products such as Nighties, Shirts, Kurties, Leggings, other Ladies' inner-wear etc. The company, as part of its marketing arrangement spends a large portion of advertisement expenditure towards creating awareness and knowledge of the products manufactured ascertaining the customers taste and preferences. Towards this end, the company launches advertisements in electronic and print media and also sponsoring television programs on Star Vijay, Zee Tamil, Puthiya Thalaimurai etc. The company also sponsors and advertises its products through Radio channels such as Suriyan FM, Radio Mirchi etc. Our products are advertised in leading Tamil based weekly journals such as Ananda Vikatan, Kumutham etc. The company Sponsors Public

Programmes witnessed by a large gathering of people, thereby popularising their brand. The company also engages itself in advertising its products through display of Hoardings during various festivals. The company on a monthly basis also markets its products by means of distributing pamphlets which roughly equals to about four lakhs.

Competition:

The Industry in which the company operates is highly unorganized and fragmented with many small and medium-sized players. At the same time, the textile industry being a global industry, the company faces competition from various domestic and international players. We compete with many manufacturers on the basis of product quality, price and reliability. While these factors are key parameters in customer’s decision matrix in availing our products, we endeavour to offer the best quality service at economical price.

Some of the various organized players are Ashapura Intimates Fashion Limited, Rupa & Company Limited, Page Industries limited, Women’s Next Loungeries Limited, etc. In the state of Tamil Nadu, the brand Pommys and Nighties goes hand in hand. We believe that the production & location enables us to meet our customers’ requirement better than our competitors from organized and unorganized segments. Owing to our experienced promoters and the strong customer network, we are in a position to sustain the competition in the respective product category.

Human Resources

Our employees are the backbone of our company. The total number of employees engaged in our company as on date is around 1,000 which can be bifurcated as under:

| Particulars | No. of employees (approx) |
|---------------------|---------------------------|
| Skilled | 475 |
| Unskilled | 150 |
| Managers and Others | 150 |

Insurance

We believe that we maintain all material insurance policies that are customary for companies operating in similar businesses. We have taken standard fire policy in addition to the special perils policy cover to insure our plant, machinery, building and stocks in godown and various outlets. In addition to the above, we also maintain insurance coverage against losses occasioned by fire, earthquake, etc.

Intellectual Property

Our Company has obtained the registration of the trademark “Pommys” under Class 24 of the Trademarks Act, 1999 and following are the details:

| Name of the Trademark | Class No. | Application No. | Date of the Application | Status of the Application | Date of Registration |
|-----------------------|-----------|-----------------|-------------------------|---------------------------|----------------------|
| Pommys | Class 24 | 2351016 | 20/06/2012 | Registered | 24/06/2013 |

Awards and Accreditations

- Our Company was selected for **INDIA SME 100 Awards** for the Year 2015-16 by the Ministry of Micro, Small and Medium Enterprises.
- Our company has been nominated to another award by **India 5000 Best MSME Awards** in the year 2017.
- During the year 2017 our company has won **Global SME Award for Best Womens Clothing and Best Ladies Garments.**
- During the year 2006 our company was awarded as the **Best supplier Award – SAM’06** by the Chennai Silks.

Property

- **Properties taken on lease & license basis by Our Company**

| Sr. No | Address | Lease Valid From | Lease Valid To | Area in Sq. Ft | Name of the Lessor | Rent paid per month (amount in ₹) |
|--------|---|------------------|----------------|----------------|---|-----------------------------------|
| 1. | No. 5/13B, Pommys Nagar, Rajapalayam Taluk, Virudhunagar-626188 – Registered Office cum Factory | 01/Apr/2017 | 31/Mar/2024 | 20,000 | Mr. K Raja (Promoter) | 1,00,000.00 |
| 2. | No:168, Medavakkam Main Road, Near Uti Bank Bus Stop, Madipakkam, Chennai-600091. – Corproate Office | 10/Nov/2017 | 09/Oct/2024 | 1,200 | Mr. RS Puzhalenthi | 40,000.00 |
| 3. | No. 19A,19B,19C, Saithur, Jeeva Nagar, Virudhunagar- 626188. - Factory | 27-Feb-2017 | 26-Jan-2024 | 6,000 | Mr. A Inico Inbaraj (Promoter) | 1,00,000.00 |
| 4. | No. 82, SPK Kalyana Mahal, Thirunelveli Factory | 01/Apr/2017 | 31/Mar/2024 | 4000 | Dr. Subramanian | 12,000.00 |
| 5. | No. 110/30E, Kamarajar Colony, Sengottai Nagaram, Thirunelveli Factory | 05/May/2017 | 04/Apr/2018 | 1500 | Mr. R. Sudalaiyandi Chettiyar | 10,000.00 |
| 6. | No: 179, Agraharam North Street, Vathrayeruppu, Virudhunagar Factory | 01/Apr/2017 | 31/Mar/2024 | 960 | Mr. George Muthiyah | 5,000.00 |

Following are the details of the existing outlets:

POMMYS BOUTIQUES

| Sr. No | Address | Lease Valid From | Lease Valid To | Area in Sq. Ft | Name of the Lessor | Rent paid per month (amount in ₹) |
|--------|--|------------------|----------------|----------------|--|-----------------------------------|
| 1. | No. 143, South Car Street, Opposite Kaka House, Sivakasi-626189. | 01-Apr-2017 | 31-Mar-2024 | 1,300 | Mr. Sathishkumar | 35,200.00 |
| 2. | No: 55K/1, Naidu East Street, Jayasakthi Nagar, Virudunagar | 01-Apr-2017 | 31-Mar-2024 | 1,000 | Mr. Mukeshkuamr | 20,000.00 |
| 3. | No: 60 C, Annai Indragandhi Street, Kancheepuram-631502. | 01-Apr-2017 | 31-Mar-2024 | 2,300 | Mr. Srinivasan & S. Prabakar | 33,120.00 |
| 4. | 93, North Bypass Road, Vannarapettai, Near Apple Tree Hotel, Tirunelveli-627002 | 17-Aug-2017 | 16-Jul-2024 | 2,600 | Mrs. Geethnajali | 110,000.00 |
| 5. | No:29A, Imperial Road (Opp: Daily Thanthi Office), Cuddalore- | 01-Apr-2017 | 31-Mar-2024 | 3,500 | Mr. Prakash Mal Sortiya, Mrs. Lalitha Devi, Mr. Dinesh Kumar | 90,000.00 |
| 6. | No: 12K2, Nethaji By-Pass Road, (Opp: Malabar Jewellery), Dharmapuri-636701. | 01-Apr-2017 | 31-Mar-2024 | 1,860 | Mr. Ayappan | 37,500.00 |
| 7. | No: D-109, 1st Main road, Annanagar Chennai-600102. | 01-Apr-2017 | 31-Mar-2024 | 1,285 | Mr. Madhanagopal | 100,000.00 |
| 8. | D.No: 464, Mudichur Road, West Thambaram, Chennai-600045. | 01-Apr-2017 | 31-Mar-2024 | 1,400 | Mr. Jagadeesan | 47,000.00 |
| 9. | No: 10 & 11, Apurva Apartment, Sriram Nagar, Mugalivakkam Main Road, Porur, Chennai-600116. | 01-Apr-2017 | 31-Mar-2024 | 1,500 | Mrs. Selena | 75,000.00 |
| 10. | No: 20, G.S.T Main Rd, Nandheeshwarar Nagar, Guduvanchery, Tamil Nadu 603202 | 01-Apr-2017 | 31-Mar-2024 | 2,000 | Mr. R Harikrishnan | 100,000.00 |
| 11. | No: 22, Pammal Main Road, Muthamil Nagar, Pammal, Chennai-600075. | 22-Feb-2017 | 21-Jan-2023 | 2,400 | Mrs. Rohini | 120,000.00 |
| 12. | 7/493, Jayaraman Complex,(Shop.No. 4,5 & 6) Velacherry Main Road, Medavakkam Chennai - 600100. | 01-Aug-2017 | 31-Jul-2024 | 1,340 | Mr. J Gangadurai | 60,000.00 |

POMMYS SILKS

| Sr. No | Address | Lease Valid From | Lease Valid To | Area in Sq. Ft | Name of the Lessor | Rent paid per month (amount in ₹) |
|--------|--|------------------|----------------|----------------|-----------------------|-----------------------------------|
| 1. | No. 5/63, Mahatma Nagar, Padikasuvaithanpatti, Rajapalayam Srivilliputtur Main Road, Srivilliputtur-626125. | 27-Feb-2017 | 26-Jan-2024 | 2,000 | Mrs. Neelapushpam | 100,000.00 |
| | | 27-Feb-2017 | 26-Jan-2024 | 2,000 | | |
| | | 27-Feb-2017 | 26-Jan-2024 | 2,000 | | |
| 2. | No: 124/102, Redhills Road, Vijayalakshmiapuram, Ambattur Chennai-600053. | 01-Apr-2017 | 31-Mar-2024 | 2,790 | Mr. J. Umamageshwaran | 120,000.00 |
| | | 01-Apr-2017 | 31-Mar-2024 | 1,395 | | |
| | No: 124/102, Redhills Road, Vijayalakshmiapuram, Ambattur Chennai-600053. | 01-Apr-2017 | 31-Mar-2024 | 1,500 | K. Sudhakaran | 98,000.00 |
| | | 01-Apr-2017 | 31-Mar-2024 | 1,395 | | |
| 3. | No: 168, Medavakkam Main Road, Near Uti Bank Bus Stop, Madipakkam, Chennai-600091. | 01-Oct-2017 | 31-Mar-2024 | 1,000 | Mr. RS Puzhalenthi | 2,750,000.00 |
| | | 01-Oct-2017 | 31-Mar-2024 | 2,000 | | |
| | | 01-Oct-2017 | 31-Mar-2024 | 1,900 | | |
| | | 01-Oct-2017 | 31-Mar-2024 | 1,900 | | |
| 4. | No: 102, Sathiya Moorthi Nagar, Byepass Road, Opposite KFC Chicken, Madurai-625 010 | 08-Nov-2017 | 07-Oct-2024 | 2,500 | Mr. Mariyasusairaj | 155,000.00 |
| | | 08-Nov-2017 | 07-Oct-2024 | 2,000 | | |
| | | 08-Nov-2017 | 07-Oct-2024 | 2,000 | | |
| 5. | Old.No. 209/2, New No. 209/2C1A Part, JK Avenue, Thoraipakkam | 01-Jan-2018 | 31-March-2025 | 4,100 | Mr. E. Jaganathan | 15,00,000.00 |

EXCLUSIVE BRANDED OUTLETS

| Sr. No | Address | Lease Valid From | Lease Valid To | Area in Sq. Ft | Name of the Lessor | Rent paid per month (amount in ₹) |
|--------|--|------------------|----------------|----------------|--|-----------------------------------|
| 1. | No: 30 C, West Ratha Veethi, Chithambaram-608001. | 01-Apr-2017 | 31-Mar-2024 | 500 | Mr. Ramesh | 10,000.00 |
| 2. | No. 298, Jawaharlal Nehru Street, Opposite Sony Showroom. Pudhucherry-605001 | 01-Apr-2017 | 31-Mar-2024 | 950 | Mr. Thiruvartchelvam | 75,000.00 |
| 3. | No: 5-A, Gin Factory Road, Tuticorin. | 01-Apr-2017 | 31-Mar-2024 | 1,500 | Mrs. Annapushpam & Mr. anand | 110,000.00 |
| 4. | No.5, Kennady Street, Periyar Nagar, Pillaiyar Kovil Bus Stop, Tharamani Road, Chennai - 600113 | 10-Feb-2017 | 09-Jan-2023 | 1,300 | Mr. J Arokiya Vilbert | 70,000.00 |
| 5. | No. 358/66, Saratha College Main Road, Vada Alagapuram Bus Stop, Salem - 636016. | 01-Apr-2017 | 31-Mar-2024 | 700 | Mrs. R Valli | 43,990.00 |
| 6. | No. 118, 1 st Agraharam Street, Near Raja Ganapathy Temple, Salem - 636001 | 01-Apr-2017 | 31-Mar-2024 | 1,000 | Mr. Madhiazhagan | 45,148.00 |
| 7. | Old.No:194, New. No: 767(Part-C), Velachery Main Road, Chennai-600073. | 01-Jan-2017 | 31-Mar-2024 | 680 | Mrs. R Dhanalakshmi | 55,000.00 |
| 8. | No.209, New No. 90a, Banglore Road, Avr Swarnamahal Opposite, Krishnagiri-635001 | 27-Jan-2017 | 26-Dec-2023 | 1100 | Mr. Rajendran | 50,000.00 |
| 9. | Old.No:1312, New.No:148, Gst Road, Chrompet (Near Vetri Theatre), Chennai-600044. | 01-Apr-2017 | 31-Mar-2024 | 1,125 | Mrs. Chellama & Mrs. Menaka | 90,000.00 |
| 10. | No:11/20, Thiruvalluvar Salai, Near Balaji Bavan, East Mogapair, Chennai-600023 | 01-Apr-2017 | 31-Mar-2024 | 1,080 | Mrs. Kalyani | 110,250.00 |
| 11. | No. 651, K.K.Nagar, In Between Ibaco & Remuki, Madurai - 625020 | 01-Apr-2017 | 31-Mar-2024 | 1,600 | Mr. Apathakannan | 60,000.00 |
| 12. | No: 191, Kovai Road, Karur - 639002. | 01-Apr-2017 | 31-Mar-2024 | 1,044 | Mr. Subramanian & Mr. Ravi | 47,000.00 |
| 13. | Old. No: 93, New. No: 77, N.S.R.Road, Saibaba Colony, Coimbatore-641011. | 01-Apr-2017 | 31-Mar-2024 | 650 | Mr. T Ratnakumar | 45,000.00 |
| 14. | No.99, Thear Nilaiyam, Udumalai Road, Pollachi-642001. | 01-Apr-2017 | 31-Mar-2024 | 1,050 | Mr. Paulsamy | 38,000.00 |
| 15. | No: 273, Prough Road, Selvam Complex, Erode, Tamil Nadu - 638001 | 01-Apr-2017 | 31-Mar-2024 | 350 | Mr. C Selvaraj | 65,000.00 |
| 16. | No: 303, Everest Tower, Near Grace Opticals, Kumaran Road, Tirupur-641604. | 01-Apr-2017 | 31-Mar-2024 | 1,460 | Mr. Ashok | 80,000.00 |
| 17. | No: 593/19 To 22, Opposite Anna Bus Stand, 1 st Floor Annai Jewellery, Kovilpatti-628 501 | 01-Apr-2017 | 31-Mar-2024 | 800 | Mr. A Varadarajan & Mr. Senthilnayakam & Mr. Subramanian | 24,000.00 |

| | | | | | | |
|-----|---|-------------|-------------|-------|--|-----------|
| 18. | No: 3a, 1st East Main Road, Gandhi Nagar, Odai Pillaiyar Kovil Opposite, Vellore-632006. | 01-Apr-2017 | 31-Mar-2024 | 1,630 | Mrs. Tamaraiselvi & Mr. Vijayaganesh | 61,000.00 |
| 19. | Old No:156, New No:166, Jn Road, Opposite Grt Jewellery, Tiruvallur, Chennai-602001 | 17-Aug-2017 | 16-Jul-2024 | 840 | Mrs. Padmavathi | 55,000.00 |
| 20. | No: 5, A/10, Lakshmi Arcad, 11th Cross, Thillai Nagar, Trichy-620018. | 01-Apr-2017 | 31-Mar-2024 | 1,100 | Mrs. Dhanalakshmi | 60,000.00 |
| 21. | No: 5, A/10, Lakshmi Arcad, 11 th Cross, Thillai Nagar, Trichy-620018. | 01-Apr-2017 | 31-Mar-2024 | 1,100 | Mrs. Dhanalakshmi | 60,000.00 |
| 22. | No: 144, North Usman Road, Opposite New Grt Jewellers, T.Nagar, Chennai-600017. | 16-Jul-2017 | 15-Jun-2018 | 1,400 | M/s. Natrajan & Co, and Mr. Venkataraman | 57,881.00 |
| 23. | No: 60 B, Thandavamoorthi Nagar, Arcot Road, Valasaravakkam, Chennai-600087 | 10-Apr-2017 | 09-Mar-2020 | 667 | Mr. Ramkumar | 50,000.00 |
| | | | | 1,024 | Mrs. Vijayakumari | 40,000.00 |
| 24. | Shop No: G304, G305, G306, Texvalley Market Limited, Nh-47, Salem-Coimbatore Highway, Gangapuram, Erode-638102. | 24-Jun-2016 | 23-Jun-2019 | 630 | Mr. D.P. Kumar | 40,000.00 |
| 25. | No: 1246, Rams Tower, Periyakulam Road, Near Thangamayil Jewellery, Theni-625531. | 04-Mar-2017 | 03-Feb-2024 | 1,600 | Mr. Pasupathi | 50,000.00 |
| 26. | No: 10, App Ding Building, Vaidhilingam Nagar, Thanjavur Main Road, Near Green Trends, Trichy-13. | 01-Apr-2017 | 31-Mar-2024 | 1,850 | Mrs. Asmad Fathima | 52,500.00 |
| 27. | No: 166, West Tv.Sami Road, Rs.Puram, Coimbatore-610002. | 01-Apr-2017 | 31-Mar-2024 | 1,100 | Mr. C Sundar & Mr. S Magesh | 82,000.00 |
| 28. | No. 23, Sholinganallur Main Road, Perumbakkam, Chennai -600100. | 01-Apr-2017 | 31-Mar-2024 | 1,060 | Mrs. Jeyanthi | 55,000.00 |
| 29. | Old.No:38/1, New No.64/1, 4th Avenue Ashok Nagar, Chennai-600083. | 01-Apr-2017 | 31-Mar-2024 | 1,500 | Mr. Purushotaman & Ms. P. Bhuvaneswari | 84,000.00 |
| 30. | No: 66/2999, Trichy Main Road, Sangam Hotel Opposite, Thanjavur-613007. | 01-Apr-2017 | 31-Mar-2024 | 1,500 | Mr. Ravichandran | 75,000.00 |
| 31. | No: 30, Pv (Parent's Vision) Tower, Ground Floor, 23rd Street, Nanganallur Chennai-600061. | 01-Apr-2017 | 31-Mar-2024 | 1,900 | Mr. PV. Nagarajan & Ms. N. Geetha | 77,000.00 |
| 32. | No: 14, Door No: 14/1&15/1, Siva Elango Salai, Jawahar Nagar, Perambur, Chennai-600082. | 01-Apr-2017 | 31-Mar-2024 | 1,179 | Mr. Puthannvila Joseph Edikular | 90,000.00 |
| 33. | No: 2/45, Old No: 173, Poonamalee High Road, Kattupakkam, Chennai -600056. | 01-Apr-2017 | 31-Mar-2024 | 1,000 | Mr. Neelakandan | 60,000.00 |

KEY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws currently in force in India, which are applicable to our Company's business and business and operations. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The description set out below are not exhaustive and are merely intended to provide general information to the shareholders and neither designed, nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.

For further information on regulatory approvals obtained by our Company, please see the section entitled "Government Approvals" on page 155.

Approvals from Local Authorities

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

Consumer Protection Act, 1986

The Consumer Protection Act, 1986 ("Consumer Protection Act") was designed and enacted to provide a simpler and quicker access to redress consumer grievances. It seeks, inter alia to promote and protects the interest of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. It establishes consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In addition to awarding compensation and/or corrective orders, the forums and commissions under the Consumer Protection Act are empowered to impose imprisonment of not less than a month, but not exceeding three years, or a fine of not less than ₹2,000, but not more than ₹10,000, or both.

Shops and Establishments Legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our stores, distribution and packing centres are registered under the respective shops and establishments legislations of the states where they are located wherever applicable.

Environmental Laws

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

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

The Environment (Protection) Act, 1986, as amended (the "EPA")

The EPA is umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the GoI with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, inter alia, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution. Penalties for violation of the EPA include fines up to ₹ 100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues.

There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

Air (Prevention and Control of Pollution) Act, 1981

Air (Prevention and Control of Pollution) Act, 1981 (“Air Act”) was enacted and designed for the prevention, control and abatement of air pollution and establishes Central and State Boards for the aforesaid purposes. In accordance with the provisions of the Air Act, any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the State Pollution Control Board prior to commencing any activity.

State Fire Safety Act

The Fire safety Acts have been enacted by each state separately, which is applicable to the Establishment which is likely to cause a risk of fire falling within the jurisdiction of that particular state. Under the Acts, every factory is required to obtain a ‘No Objection Certificate’ from the Fire Service Department for establishment and running of the factory. The said certificate is valid for a period of one year from the date of its issue.

The penalties for the failure to comply with the provisions of the Fire Safety Act shall be levied on every person in-charge of and was responsible to the Company for the conduct of the business of the Company as well as the Company be guilty of the offence and shall be proceeded against and punished accordingly.

Laws relating to Employment

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

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

The Factories Act defines a ‘factory’ to be any premises including the precincts thereof, on which on any day in the previous 12 months, 10 or more workers are or were working and in which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or where at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. State governments prescribe rules with respect to the prior submission of plans, their approval for the establishment of factories and the registration and licensing of factories.

The Factories Act provides that the ‘occupier’ of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers’ health and safety, cleanliness and safe working conditions. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

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

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

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

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

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

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

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or disease.

However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed Rs 20 lakhs.

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

The MWA provides a framework for State governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance; or a basic rate of wages and the cash value of the concessions in respect of supplies of essential commodities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. Contravention of the provisions of this legislation may result in imprisonment for a term up to six months or a fine up to ` 500 or both.

Equal Remuneration Act, 1976

The Equal Remuneration Act provides for payment of equal remuneration to men and women workers for the same work or work of similar nature and for the prevention of discrimination on grounds of sex. The Act, being a beneficial legislation, ensures adequate payment or remuneration to be made irrespective of the physical strength of employee and removing the scope of social and economic injustice merely on the ground of sex, thereby working to establish a just society in the country. Under the Act, every employer is bestowed with a liability to maintain such registers and other documents in relation to the workers employed by him in Form D.

Industrial Disputes Act, 1947, as amended (the “ID Act”)

The ID Act provides the procedure for investigation and settlement of industrial disputes. When a dispute exists, or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

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

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

Legal Metrology Act, 2009

The Legal Metrology Act, 2009 (“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 connected therewith or incidental thereto. The Legal Metrology Act provides that for prescribed specifications of all weights and measures should to be based on metric system only.

Legal Metrology (Packaged Commodities) Rules, 2011 were framed under the Legal Metrology Act and lays down specific provisions applicable to packages intended for retail sale, whole-sale and for export and import of pre-packaged commodities. A “pre-packaged commodity” means a commodity which, without the purchaser being present is placed in a package of a pre-determined quantity. In terms of the Packaged Commodities Rules ,it is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess or sale any prepackaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed. Further, all pre-packaged commodities must conform to the declarations provided in accordance with the Legal Metrology Act. No pre-packaged commodity is permitted to be packed with error in net quantity beyond a stipulated limit as prescribed under the Packaged Commodities Rules.

Intellectual Property Laws

Certain laws relating to intellectual property rights such as copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act are applicable to us. The Copyright Act, 1957 (“Copyright Act”) governs copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Copyright Act acts as a prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations. The Trademarks Act, 1999 (“Trademarks Act”) provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, and heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks. The Designs Act prescribes for registration of design. The Design Act specifically lays down the essentials of a design to be registered and inter alia provides for application for registration of designs, copyright in registered designs etc.

Property related laws

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

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

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

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

Other regulations

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

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our company:

Our Company was incorporated as Pommys Garments (India) Private Limited on December 03, 2009 at Dhalavaipuram, Virudhunagar, Tamil Nadu as a Private limited company under the Companies Act, 1956, pursuant to certificate of incorporation issued by the Registrar of Companies, Chennai Tamil Nadu. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to Pommys Garments (India) Limited and a fresh certificate of incorporation consequent upon change of name on conversion to public limited company was issued by the Registrar of Companies, Tamil Nadu on November 09, 2017.

Changes in Registered Office

There has been no change in the Registered Office of our Company since the date of its incorporation.

Main Objects of our Company

The main objects contained in the Memorandum of Association ('hereinafter referred to as MOA') of our Company are as follows

1. *To carry on the business as manufacturer and dealers in woven, hosiery & knitting products, ready-made garments of all types and kinds, clothing made out of man-made fibers, cotton, silk, jute, woolen and synthetics.*
2. *To carry on the business of manufacture, spin, process, sell, buy, import, export, act as wholesaler, retailer, commission agent, broker in respect of all types and kinds of cotton, woolen, silk, synthetic fiber, grey cloth, linen cloth, non-woven fabrics, yarn including twisted yarn & fibers, and all type and kinds of yarn.*
3. *To carry on the business of manufacture and processing of dyeing, bleaching, spinning, weaving and generally to carry on the business of manufacture of textiles and clothes of all types and kinds. To buy, take on lease or otherwise acquire and to run any cotton and ginning press, spinning and weaving mills, textiles mill.*
4. *To carry on the business of manufacturers, importers and exporters, whole sale and retail dealers of and in men's, women's and children clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, pajama suits, vests, underwear, suits, socks, sweaters, foundation garments for ladies' dresses, brassieres, maternity belts, knee caps, coats, panties, nighties stockings, laces, petticoats, sarees, Kurtis and all other related and unrelated accessories.*
5. *To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.*

The main objects as contained in the MoA enable our Company to carry on our existing business.

Amendments to our MoA

Set out below are the amendments to our MoA since the incorporation of our Company:

| Date of shareholder's Resolution | Particulars |
|----------------------------------|---|
| 07 th January 2011 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs.10,00,000/-divided into 1,00,000 Equity Shares of Rs. 10./- each to Rs.25,00,000/-divided into 2,50,000 Equity Shares of Rs. 10./- each. |
| 26 th May 2013 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs.25,00,000/-divided into 2,50,000 Equity Shares of Rs. 10./- each to Rs.50,00,000/-divided into 5,00,000 Equity Shares of Rs. 10./- Each. |
| 04 th September 2013 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs.50,00,000/-divided into 5,00,000 Equity Shares of Rs. 10./- each to Rs.75,00,000/-divided into 7,50,000 Equity Shares of Rs. 10./- each. |
| 20 th February 2017 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs.75,00,000/-divided into 7,50,000 Equity Shares of Rs. 10./- each to Rs.3,00,00,000/-divided into 30,00,000 Equity Shares of Rs. 10./- each. |

| | |
|---------------------------------|--|
| 04 th March 2017 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs. 3,00,00,000/- divided into 30,00,000 Equity Shares of Rs. 10/- each to Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10/- each. |
| 28 th September 2017 | Clause V of the MoA was amended to reflect the increase in authorized share capital from Rs. 20,00,00,000/- divided into 2,00,00,000 Equity Shares of Rs. 10/- each to Rs. 24,90,00,000/- divided into 2,49,00,000 Equity Shares of Rs. 10/- each. |
| 28 th September 2017 | <p>The MoA was amended for reflecting the following changes:</p> <ol style="list-style-type: none"> 1. Clause III(A) was amended to reflect the change in the main objects by inclusion of the following clauses (including consequent renumbering): <ul style="list-style-type: none"> <i>“4. To carry on the business of manufacturers, importers and exporters, whole sale and retail dealers of and in men’s, women’s and children clothing and wearing apparel of every kind, nature and description including shirts, bush-shirts, pajama suits, vests, underwear, suits, socks, sweaters, foundation garments for ladies’ dresses, brassieres, maternity belts, knee caps, coats, panties, nighties stockings, laces, petticoats, sarees, Kurtis and all other related and unrelated accessories.</i> <i>5. To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.”</i> |
| 23 rd October 2017 | <p>The MoA was amended for reflecting the following changes:</p> <ol style="list-style-type: none"> 1. Clause I was amended to delete the word “Private” from the name of the Company consequent to the conversion of the Company from Private to Public Limited Company 2. Existing clauses I, II, III, IV and V were renumbered as clause 1st, 2nd, 3rd, 4th and 5th, respectively 3. The nomenclature of existing Clause III (B) was changed to be read as “Matters which are necessary for furtherance of the objects specified in clause III A are:” 4. Clause III(C) in relation to other objects was deleted |

Major events and milestones of our Company

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

| YEAR | EVENTS |
|------|---|
| 2009 | Incorporated as a Private Limited Company A full-fledged advertisement film on Pommys nighties was made and telecasted in all leading Tamil TV Channels. The turnover reached to Rs.15.00 Crore. |
| 2013 | Our Company started its first Boutique in Tirunelveli, followed by 4 more fully owned retail store in Tamil Nadu and one store in Puducherry |
| 2014 | <ul style="list-style-type: none"> • Our Company had opened a family shops under the name “Pommys Silks” in Tamil Nadu • Our Company Started 2 Boutique and 3 fully owned retail outlets in and around Tamil Nadu |
| 2015 | Our Company commenced thirteen new retail outlets, in addition to four Boutique and one family store Pommys Silks |
| 2016 | <ul style="list-style-type: none"> • Commencement of Eleven new retail outlets, in addition to four Boutiques and one family store. • Our Company opened its 46th Store in Tamil Nadu |
| 2017 | <ul style="list-style-type: none"> • Commencement of one retail outlet, one family store Pommys Silks and a Boutique. • Our company was converted into a Public Company • Our Company acquired the business of trading in garments from four other partnership firms |
| 2018 | Our commencement commenced one new family store Pommys Silks, making it the 50 th Store operated by our company |

Awards & Accreditation

We have received the following awards and accreditations:

| Financial Year | Awards and Accreditations |
|----------------|---|
| 2016 | Our company was accredited with ISO 9001 Certification |
| 2016 | Our Company was awarded as ‘the Best Supplier Award’ by the Chennai Silks |
| 2017 | Our Company’s growth in stature, the popularity of the brand name POMMYS and its contribution in the development of the society by providing employment, enhancing the skill of the labour, uplifting the status of women etc was recognized and the company was selected for INDIA SME 100 Award by the Ministry of Micro, Small and Medium Enterprises. |
| 2017 | Our company has won <ul style="list-style-type: none"> • Global SME Award 2017 for best woman clothing SME 2017 – India and best ladies garment 2017; and • A certificate of recognition from India 5000 Best MSME Awards for quality excellence 2017 |

Other Details Regarding our Company

For details regarding the description of our activities, services, products, market of each segment, the growth of our Company, technology, the standing of our Company with reference to prominent competitors, management, managerial competence, major suppliers and customers, capacity/facility creation, location, market, export, profit due to foreign operations, capacity build-up, marketing and competition, see “Our Business”, “Our Management” and “Industry Overview” on pages 83, 103 and 72, respectively.

Lock-outs and Strikes

There have been no lock-outs or strikes at any time in our Company and our Company is not operating under any injunction or restraining order

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed below, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets.

Memorandum of Understanding (“MOU”) dated March 14, 2017 executed between Pommys Readymades and Our Company

Our Company entered into the MOU with Pommys Readymades, a partnership firm pursuant to which our Company acquired all the business of manufacturing, marketing, and selling of Textiles and Readymade goods from Pommys Readymades as a going concern on “as is where is basis”, for a total purchase consideration of Rs 16.61 million which was settled partly through issue of 166,100 equity shares of our Company at a price of Rs 100 each and the balance by cash. The purchase consideration was determined based on the valuation report dated March 04, 2017 issued by P Selvaraj Associates, Chartered Accountants.

MOU dated March 14, 2017 executed between Angel Apparels and our Company

Our Company entered into the MOU with Angel Apparels, a partnership firm pursuant to which our Company acquired all the business of manufacturing, marketing, and selling of Textiles and Readymade goods from Angel Readymades as a going concern on “as is where is basis”, for a total purchase consideration of Rs 41.28 million which was settled through issue of 412,800 equity shares of our Company at a price of Rs 100 each and the balance by cash. The purchase consideration was determined based on the valuation report dated March 04, 2017 issued by P Selvaraj Associates, Chartered Accountants.

MOU dated March 14, 2017 executed between Sneha Apparels and Our Company

Our Company entered into the MOU with Sneha Apparels, a partnership firm pursuant to which our Company acquired all the business of manufacturing, marketing, and selling of Textiles and Readymade goods from Sneha Apparels as a going concern on “as is where is basis”, for a total purchase consideration of Rs 19.01 million which was settled partly through issue of 190,100 equity shares of our Company at a price of Rs 100 each and the balance by cash. The purchase consideration was determined based on the valuation report dated March 04, 2017 issued by P Selvaraj Associates, Chartered Accountants.

MOU dated March 14, 2017 executed between Pommys Apparels and our Company

Our Company entered into the MOU with Pommys Apparels, a partnership firm pursuant to which our Company acquired all the business of manufacturing, marketing, and selling of Textiles and Readymade goods from Pommys Apparels as a going concern on “as is where is basis”, for a total purchase consideration of Rs 17.11 million which was settled partly through issue of 171,100 equity shares of our Company at a price of Rs 100 each and the balance by cash. The purchase consideration was determined based on the valuation report dated March 04, 2017 issued by P Selvaraj Associates, Chartered Accountants.

Capital raising activities through equity and debt

Except as mentioned in “Capital Structure” on page 49, our Company has not raised any capital through equity. For details on the debt facilities of our Company, see “Financial Indebtedness” on page 150.

Defaults or rescheduling of borrowings and conversions of loans into equity

There have been no defaults or rescheduling of the borrowings of our Company with financial institutions/banks. Other than the conversion of the unsecured loans amounting to Rs 13,51,97,000 extended by promoter director in Financial Year 2016-17-, none of the outstanding loans have been converted into Equity Shares.



Our Shareholders

As on December 31, 2017, the total number of holders of Equity Shares is 7 (Seven). For further details of our shareholding pattern, please see “Capital Structure” on page 49 of the Draft Prospectus

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

Since inception, there has been no change in the activities of our Company.

Subsidiaries/ Holding Company

As on the date of the Draft Prospectus, our Company does not have any subsidiaries or holding company.

Shareholders’ Agreement

As on the date of the Draft Prospectus, our Company has not entered into any shareholders’ agreement.

Material Agreements

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

Strategic Partners

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

Financial Partners

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

OUR MANAGEMENT

Board of Directors

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors in terms of section 149 of the Companies Act, 2013. As on the date of this Draft Prospectus, our Board comprises of eight Directors including four executive directors out of which two are women directors and four independent directors out of which one is a woman director.

The following table sets forth details regarding our Board of Directors:

| Sr. No | Name, Address, Occupation, Date of Appointment, Term and DIN | Qualification | Age (years) | Other directorships |
|--------|--|---|-------------|---------------------|
| 1 | <p>Name: Mr. A. Inico Inbaraj</p> <p>Designation: Managing Director</p> <p>Address: 44-F Parai Kovil St Chettiarpatti Tamil Nadu 626112</p> <p>Occupation: Business</p> <p>Term: Appointed as Managing Director for a term of three years w.e.f November 13, 2017, to hold office upto November 12, 2020 and is Liable to retire by rotation</p> <p>DIN: 02829165</p> | Bachelor degree in Mechanical Engineering | 45 | Nil |
| 2 | <p>Name: Mr. K. Raja</p> <p>Designation: Chairman and Chief Executive Officer</p> <p>Address: 365 Jayasakthi Nagar Kommanthapuram Chettiar Patti Virudhunagar 626112</p> <p>Occupation: Business</p> <p>Term: Appointed as Chairman cum Chief Executive officer for a term of three years w.e.f November 13, 2017 to hold office upto November 12, 2020, and is not liable to retire by rotation</p> <p>DIN:02798434</p> | Bachelor Degree in Arts & Law | 43 | Nil |
| 3 | <p>Name: Mrs. R Shyamaladevi</p> <p>Designation: Whole time director and Chief Financial Officer</p> <p>Address: 365 Naidu South Street, JeyaSakthi Nagar, Chettiyarpatti, Ayan Kollankondan, Rajapalayam, Virudhunagar 626122</p> <p>Occupation: Business</p> <p>Term: Appointed as Whole time director designated as Chief Financial Officer for a term of three years w.e.f November 13, 2017 to hold office upto November 12, 2020, and is Liable to retire by rotation</p> <p>DIN: 07952516</p> | Bachelor Degree in Commerce | 39 | Nil |

| Sr. No | Name, Address, Occupation, Date of Appointment, Term and DIN | Qualification | Age (years) | Other directorships |
|--------|--|--|-------------|--|
| 4 | <p>Name: Mrs I Neelapushpam</p> <p>Designation: Whole time director and Vice President</p> <p>Address: 44F Renganathapuram Kovil Street, Chettiyarpatti, AyanKollankondan, Rajapalayam, Virudhunagar - 626122</p> <p>Occupation: Business</p> <p>Term: Appointed as whole-time director with designation as vice president for a term of three years w.e.f November 13, 2017 to hold office upto November 12, 2020, and is Liable to retire by rotation</p> <p>DIN: 07952733</p> | Bachelor Degree in Mathematics | 38 | Nil |
| 5 | <p>Name: Mr. MahilanIrulappan</p> <p>Designation: Independent Director</p> <p>Address: 11/208, ManaliThattuvelai, Swamiyarmadam, Kattathurai, Kanniyakumari 629158</p> <p>Occupation: Doctor in Practice</p> <p>Term: Appointed for a term of three years w.e.f December 30, 2017, and is Not Liable to retire by rotation</p> <p>DIN: 07859190</p> | <ol style="list-style-type: none"> 1. MBBS degree 2. Master's Degree in General Surgery 3. Diploma in Laproscopic Surgery | 47 | <p>Swamiyarmadam Rathna Memorial Hospital Private Limited</p> <p>Rathna Fertility Center Private Limited</p> |
| 6 | <p>Name: Mr. Suresh Bohra</p> <p>Designation: Independent Director</p> <p>Address: 18, Lokamaniya Street East, R.S.Puram South Coimbatore - 641002</p> <p>Occupation: Business</p> <p>Term: Appointed for a term of three years w.e.f December 30, 2017, and is Not Liable to retire by rotation</p> <p>DIN: 08036243</p> | Bachelor degree in commerce | 43 | Nil |
| 7 | <p>Name: Mr. Dinakaran Rajachandran</p> <p>Designation: Independent Director</p> <p>Address: Old No – 49B New No -6, 1st East Cross Street, Amaravathi Nagar, Arumbakkam - 600106</p> <p>Occupation: Business</p> <p>Term: Appointed for a term of three years w.e.f December 30, 2017, and is Not Liable to retire by rotation</p> <p>DIN: 08036234</p> | Bachelor degree in Mechanical Engineering | 45 | Nil |

| Sr. No | Name, Address, Occupation, Date of Appointment, Term and DIN | Qualification | Age (years) | Other directorships |
|--------|--|---|-------------|---------------------|
| 8 | <p>Name: Mr. Karuppaiah Ganesammal</p> <p>Designation: Independent Director</p> <p>Address: 49/36, Pattaithar Street Main Road, Pettavaithalai Post, Srirangam Taluka Tiruchirappalli, 639112</p> <p>Occupation: Practicing Company Secretary</p> <p>Term: Appointed for a term of three years w.e.f December 30, 2017, and is Not Liable to retire by rotation</p> <p>DIN: 07153242</p> | <ol style="list-style-type: none"> Bachelor's degree in Commerce Post Graduate Degree in Commerce Associate Membership of the Institute of Company Secretaries of India (ICSI) | 44 | Nil |

Relationship between our Directors

Except Mrs. R Shyamaladevi who is the wife of Mr. K Raja and Mrs. Neelapushpam I who is the wife of Mr. A Inico Inbaraj, none of our Directors are related to each other.

Brief biographies of Directors

A. Inico Inbaraj, is the Managing Director of our company and is also one of the promoters of the Company. He holds a Bachelor degree in Mechanical Engineering from Madurai Kamaraj University. He along with Mr. K. Raja co-founded the garment business. He has 20 years of entrepreneurial experience in the garments industry. He is responsible for the overall strategic decision making of our Company and provides leadership to all operations.

K Raja, is the Chairman & CEO of our company and is also one of the promoters of the Company. He holds a bachelor Degree in Arts & Law from the University of Madras. He hails from a Family of businessmen in textile industry. He carried his private practice in Srivilliputhur Court till the year 1998. Subsequently, he co-founded the garments business in 1998 along with Mr. A. Inico Inbaraj, and they promoted our company in 2009. His primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and corporate operations.

I. Neelapushpam is a Director cum Vice President of our company. She holds a Bachelor Degree in Mathematics from Manonmaniam Sundaranar University, Tirunelveli. She is the spouse of Mr. A. Inico Inbaraj our Managing Director and has a keen understanding of the garments business. She has been associated with our company since inception, and during the year 2011, she cofounded an Apparels business which carried on the activity of manufacturing and sale of readymade garments. She is responsible for carrying out the strategic plan through overseeing operations, developing functional roles and assigning responsibilities to employees who report to them.

R. Shyamala Devi is a director cum Chief Financial Officer of our company. She holds a Bachelor Degree in Commerce from Manonmaniam Sundaranar University, Tirunelveli. She is the Spouse of Mr. K Raja, our Chairman. She hails from a family of a trader and has a deep understanding of the nuances of business. During the year 2011, she cofounded an Apparels business which carried on the activity of manufacturing and sale of readymade garments. Her duties include tracking cash flow and financial planning as well as analyzing the company's financial strengths and weaknesses and proposing corrective actions.

Dinakaran Rajachandran is an independent Director of our company. He holds a Bachelor degree in Mechanical Engineering from Madurai Kamarajar University. He hails from an agricultural family and has 25 years of experience across various industry sectors in Sales, Manufacturing and IT consulting. He has expertise in high end process consulting, 'As Is & To Be' process mapping, SLA definition, KPIs identification and Trend Analysis and also in introducing lean manufacturing practices like 5S, KANBAN, SMED & TQM within the work process to optimize operational efficiencies. He was associated with companies like IBM, TCS, WIDIA (INDIA) LTD providing services to clients like Unilever, Saint Gobain, AIG, etc. He also has overseas experience working in New Zealand for over 8 years as Plant Manager - Primary Process for Rapak Asia Pacific Ltd, a unit of DS Smith Plastics U.K.

Dr. Mahilan Irulappan is an independent Director of our company. He holds an MBBS degree from Madurai Medical College, Madurai, and he hold a Master's Degree in General Surgery from Thanjavur medical College. He also holds a diploma in Laproscopic Surgery from the Indian Institute of Laproscopic surgery. He has over 20 years of vast experience in the field of medicine. In 2007, he established the "Ratha Memorial Hospital" at Swamiyarmadam, and currently heads the entire healthcare team and is acting as a director on the Board of the hospital.

Karuppaiah Ganesammal is an independent Director of our company, and she holds a Bachelors degree in Commerce from Bharathiyar University and a Post Graduate Degree in Commerce from Annamalaiar University, Chidambaram. She also holds an Associate Membership of the Institute of Company Secretaries of India (ICSI). She started her career as Finance Head at Kavary group of hospitals, Trichy. She has 15 years of vast experience in handling Finance &Accounts, Administration, Bank Management, HR, Internal Audit, Software Integration, and handling income tax and other compliances. She has held various positions in many companies including Independent and Woman Director of M/s. Tamil Nadu State Transport corporation (Kumbakonam) Ltd. Since 2014, she has been practicing independently as Company Secretary and has wide experience & expertise in handling Accounts, Legal, Secretarial & Corporate affairs related matters for Trading, Manufacturing & Service Sector Industries

Suresh Bohra is an Independent Director of our company. He holds a bachelor degree in commerce from Bharathiyar University. He is a first-generation entrepreneur with an experience of 22years in textile business. He possesses expertise in the business of textiles & Garments- He was a part of the team of brand "Roasted Sand" which has the reputation of being India's first brand customising casual garments. He is the partner of KSY REGEN CO manufacturing bio diesel.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing 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 recognised stock exchange in India during the term of their directorship in such company.

None of our Directors have been or were identified as willful defaulters as defined under the SEBI ICDR Regulations.

None of our Directors have committed any violation of securities laws in the past and no such proceedings, initiated by SEBI or otherwise, are pending against any Director. No consideration either in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested, by any person, either to induce any director to become, or to help such director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company.

Terms of appointment of Executive Directors

Mr. K Raja

K Raja was appointed as our Chairman and Chief Executive officer, pursuant to the Board resolution dated November 10, 2017 and the shareholder's resolution dated November 13, 2017 and an agreement dated November 13, 2017, with effect from that date for a period of three years. The details of remuneration governing his appointment as set out in the Board resolution dated November 10, 2017 are stated below:

| Particulars | Remuneration |
|-------------|---|
| Salary | Rs. 18,00,000 per annum (including Rs. 2,00,000 towards leave Travel Allowance) |
| Perquisites | <ul style="list-style-type: none"> • Rent free accommodation or in case of residence owned by the Director, payment/ reimbursement of monthly society bill. • Payment/reimbursement of gas, electricity, water, telephone, furnishings at the residence. • Payment/reimbursement of medical/hospitalization expenses for self and family members, furnishings, payment of premium on personal, accident and health insurance, club fees • Payment reimbursement of expenditure pertaining to education of children of Directors; and • Provision of Company maintained car(s) for official use. <p>The Perquisites shall be reimbursed to the extent of Rs. 8,00,000 per Annum</p> |

| | |
|---------------|---|
| Other Benefit | <ul style="list-style-type: none"> In addition to the above remuneration gratuity shall be payable at the rate of half month's salary for each completed year of service Reimbursement of expenses incurred by him on account of business of the Company in accordance with the Company policy. Reimbursement of any other expenses properly incurred by him in accordance with the rules and policies of the Company. |
|---------------|---|

Mr. A Inico Inbaraj

A Inico Inbaraj was appointed as our Managing Director, pursuant to the Board resolution dated November 10, 2017 and the shareholder's resolution dated November 13, 2017 and an agreement dated November 13, 2017, with effect from that date for a period of three years. The details of remuneration governing his appointment as set out in the Board resolution dated November 10, 2017 are stated below:

| Particulars | Remuneration |
|---------------|--|
| Salary | Rs. 18,00,000 per annum (including Rs. 2,00,000 towards leave Travel Allowance) |
| Perquisites | <ul style="list-style-type: none"> Rent free accommodation or in case of residence owned by the Director, payment/reimbursement of monthly society bill. Payment/reimbursement of gas, electricity, water, telephone, furnishings at the residence. Payment/reimbursement of medical/hospitalization expenses for self and family members, furnishings, payment of premium on personal, accident and health insurance, club fees Payment reimbursement of expenditure pertaining to education of children of Directors; and Provision of Company maintained car(s) for official use. <p>The Perquisites shall be reimbursed to the extent of Rs. 8,00,000 per Annum</p> |
| Other Benefit | <ul style="list-style-type: none"> In addition to the above remuneration gratuity shall be payable at the rate of half month's salary for each completed year of service. Reimbursement of expenses incurred by him on account of business of the Company in accordance with the Company policy. Reimbursement of any other expenses properly incurred by him in accordance with the rules and policies of the Company. |

Mrs. R Shyamaladevi

R Shyamaladevi was appointed as our whole-time director and Chief Financial Officer, pursuant to the Board resolution dated November 10, 2017 and the shareholder's resolution dated November 13, 2017 and an agreement dated November 13, 2017, with effect from that date for a period of three years. The details of remuneration governing her appointment as set out in the Board resolution dated November 10, 2017 are stated below:

| Particulars | Remuneration |
|-------------|---|
| Salary | Rs. 12,00,000 per annum (including Rs. 1,00,000 towards leave Travel Allowance) |
| Perquisites | <ul style="list-style-type: none"> Rent free accommodation or in case of residence owned by the Director, payment/reimbursement of monthly society bill. Payment/reimbursement of gas, electricity, water, telephone, furnishings at the residence. Payment/reimbursement of medical/hospitalization expenses for self and family members, furnishings, payment of premium on personal, accident and health insurance, club fees Reimbursement of expenditure pertaining to education of children of Directors and Provision of Company maintained car(s) for official use. <p>The Perquisites shall be reimbursed to the extent of Rs. 4,00,000 per Annum</p> |

| | |
|---------------|--|
| Other Benefit | <ul style="list-style-type: none"> In addition to the above remuneration gratuity shall be payable at the rate of half month's salary for each completed year of service Reimbursement of expenses incurred by her on account of business of the Company in accordance with the Company policy. Reimbursement of any other expenses properly incurred by her in accordance with the rules and policies of the Company |
|---------------|--|

Mrs. Neelapushpam I

Neelapushpam I was appointed as our whole-time director and Vice President, pursuant to the Board resolution dated November 10, 2017 and the shareholder's resolution dated November 13, 2017 and an agreement dated November 13, 2017, with effect from that date for a period of three years. The details of remuneration governing her appointment as set out in the Board resolution dated November 10, 2017 are stated below:

| Particulars | Remuneration |
|---------------|--|
| Salary | Rs. 12,00,000 per annum (including Rs. 1,00,000 towards leave Travel Allowance) |
| Perquisites | <ul style="list-style-type: none"> Rent free accommodation or in case of residence owned by the Director, payment/reimbursement of monthly society bill. Payment/reimbursement of gas, electricity, water, telephone, furnishings at the residence. Payment/reimbursement of medical/hospitalization expenses for self and family members, furnishings, payment of premium on personal, accident and health insurance, club fees Reimbursement of expenditure pertaining to education of children of Directors and Provision of Company maintained car(s) for official use. <p>The Perquisites shall be reimbursed to the extent of Rs. 4,00,000 per Annum.</p> |
| Other Benefit | <ul style="list-style-type: none"> In addition to the above remuneration gratuity shall be payable at the rate of half month's salary for each completed year of service. Reimbursement of expenses incurred by her on account of business of the Company in accordance with the Company policy. Reimbursement of any other expenses properly incurred by her in accordance with the rules and policies of the Company. |

Payment or benefit to Directors of our Company

Sitting fees/other remuneration paid to our Directors in the last financial year are as follows:

1. Remuneration to Executive Directors:

Our Company has paid the following remuneration to our Executive Directors in the last financial year ended 31 March 2017:

| Sr. No | Name of Directors | Total Remuneration (in ₹ Million) |
|--------|-------------------|-----------------------------------|
| 1 | K Raja | 3.00 |
| 2 | A Inico Inbaraj | 3.00 |
| 3 | R Shyamaladevi | NIL |
| 4 | I Neelapushpam | NIL |

2. Remuneration to Non-Executive Directors:

Each Non-Executive Director is entitled to receive sitting fees of ₹1,500 per meeting pursuant to a resolution of the Board dated December 15, 2017 for attending meetings of the Board, Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee which is within the limits prescribed under the Companies Act, 2013 as amended, and the rules made thereunder. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time. No remuneration is paid by our Company to our Non-Executive and Independent Directors, other than sitting fees.

Details of sitting fees paid to our Non-Executive Directors during the Financial Year 2016-17 are set out below:

| Sr. No | Name of Director | Sitting Fee in Rs |
|--------|------------------------|-------------------|
| 1 | Mahilan Irulappan | NIL |
| 2 | Suresh Bohra | NIL |
| 3 | Dinakaran Rajachandran | NIL |
| 4 | Karuppaiah Ganesammal | NIL |

Arrangement or understanding with major Shareholders, customers, suppliers or others

There are no arrangements or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of the senior management or as a Key Managerial Personnel.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification Equity Shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Prospectus is set forth below:

| Name of director | Number of shares held | Percentage of shareholding |
|------------------|-----------------------|----------------------------|
| A Inico Inbaraj | 55,06,620 | 31.95% |
| K Raja | 49,70,210 | 28.83% |
| I Neelapushpam | 32,33,780 | 18.76% |
| R Shyamaladevi | 35,26,380 | 20.46% |

Appointment of relatives of our Directors to any office or place of profit

Apart from Chief Financial Officer, and the Vice President, who are spouse of the Chairman and Managing Director respectively, none of the relatives of our Directors currently hold any office, or place of profit in our Company.

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 that may be subscribed by and allotted to the companies, firms, and trusts, if any, in which they are interested as directors, members, promoters, and /or trustees pursuant to this Issue.

Interest in the promotion of the Company

For details of interest of our directors Mr.K Raja and Mr.A Inico Inbaraj in promotion of our Company, please see the section entitled "Our Promoter and Promoter Group" on page 117.

Interest in property

Our Directors have no interest in any transaction involving construction of building or supply of machinery etc. Our Company has not acquired any property within two years of the date of the Draft Prospectus.

Business interest

Except as stated in the section entitled “Related Party Transactions” on page 120, respectively, and to the extent of shareholding in our Company, as disclosed, our Directors do not have any other interest in our business.

Payment of benefits (non salary related)

Other than the rent paid and payable to the directors as mentioned under the section entitled “Related Party Transactions” on page 120 no amount or benefit has been paid or given within the two years preceding the date of filing of this Offer document or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

Loans to Directors

No loans have been availed by the Directors from our Company

None of the beneficiaries of loans or advances granted by our Company are related to the Directors of our Company.

None of the sundry debtors of our Company are related to the Directors of our Company.

Bonus or profit sharing plan for the Directors

Other than as disclosed under “Remuneration to Executive Directors” on page 108, none of the Directors are party to any bonus or profit sharing plan of our Company.

Service contracts with Directors

Further, except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment. For details see “Remuneration to Executive Directors” on page 108.

Changes in the Board in the last three years

| S.No | Name of the Directors | Date of appointment/ change/ cessation | Reason for change |
|------|------------------------|--|-------------------------------------|
| 1 | R Shyamaladevi | November 13, 2017 | Appointment as whole-time director |
| 2 | I Neelapushpam | November 13, 2017 | Appointment as whole-time director |
| 3 | Mahilan Irulappan | December 30, 2017 | Appointment as Independent director |
| 4 | Suresh Bohra | December 30, 2017 | Appointment as Independent director |
| 5 | Dinakaran Rajachandran | December 30, 2017 | Appointment as Independent director |
| 6 | Karuppaiah Ganesammal | December 30, 2017 | Appointment as Independent director |

Borrowing Powers of the Board

Pursuant to our Articles of Association, subject to applicable laws and pursuant to the resolution of the shareholders of our Company passed at the extra-ordinary general meeting held on December 04, 2017, our Board has been authorised to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed (apart from the temporary loans obtained from our Company’s bankers in the ordinary course of our business) together with monies, if any, already borrowed by our Company will or may exceed the aggregate of the paid up capital of our Company and our free reserves, provided further that the total amount upto which the money may be borrowed and outstanding at any point of time, shall not exceed the amount of ₹ 2000 million, at any point of time.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the Listing Regulations, the Companies Act and the SEBI Regulations, in respect of corporate governance including the constitution of our Board and committees thereof, and formulation and adoption of policies.

Our Board has been constituted in compliance with the Companies Act, 2013 and the Listing Regulations. The Board of Directors function either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board of Directors detailed reports on its performance periodically.

Audit Committee

The members of the audit committee are:

1. Ms. K Ganesammal- Chairman
2. Mr. Dinakaran Rajachandran - Member
3. Mr. Suresh Bohra - Member
4. Mr. A Inico Inbaraj- Member
5. Mr. K Raja - Member

The Audit Committee was constituted at the meeting of the Board of directors held on 03 January 2018. The terms of reference of the Audit Committee was adopted pursuant to the Board resolution dated 03 January 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations, and its terms of reference include the following:

The role of the Committee has been defined to include the following activities:

- a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to our Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- c) Reviewing and monitoring our auditor's independence and performance and the effectiveness of audit process;
- d) Approving payments to our statutory auditors for any other services rendered by statutory auditors;
- e) Reviewing with our management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
 - i. Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions; and
 - vii. Qualifications and modified opinions in the draft audit report.
- f) Reviewing with our management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) Scrutiny of our inter-corporate loans and investments;
- h) Valuation of undertakings or assets of our Company, wherever it is necessary;

- i) Evaluation of our internal financial controls and risk management systems;
- j) Approval or any subsequent modification of transactions of our Company with related parties;
- k) 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;
- l) Establishing a vigil mechanism for Directors and employees to report their genuine concerns or grievances;
- m) Reviewing, with our management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- n) 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;
- o) Discussion with internal auditors on any significant findings and follow up thereon;
- p) 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 our Board;
- q) 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;
- r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- u) Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of the employees and directors, who used the vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- v) Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- w) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and
- x) To formulate, review and make recommendations to the Board to amend our Audit charter from time to time.

The powers of the Audit Committee include the following:

- a) To investigate activity within its terms of reference;
- b) To seek information from any employees;
- c) To obtain outside legal or other professional advice; and
- d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and result of operations;
- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management of our Company;

- c) Management letters/letters of internal control weaknesses issued by the statutory auditors of our Company;
- d) Internal audit reports relating to internal control weaknesses of our Company;
- e) The appointment, removal and terms of remuneration of the internal auditor of our Company; and
- f) Statement of deviations:
 - i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and
 - ii. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations

The Audit Committee is required to meet at least four times in a year, and not more than 120 days are permitted to elapse between two meetings in accordance with the terms of the Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Mr. Mahilan Irulappan-Chairman
2. Mr. Suresh Bohra - Member
3. Ms. K. Ganesammal- Member

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on 03 January 2018. The terms of reference of the Nomination and remuneration Committee was adopted pursuant to the Board resolution dated 03 January 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

- a. Formulate 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. Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. Our Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- e. Analysing, monitoring and reviewing various human resource and compensation matters of our Company;
- f. Determining our Company's policy on specific remuneration packages for Executive Directors including pension rights and any compensation payment, and determining remuneration packages of such Directors;
- g. Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- h. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- j. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

- (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- k. Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- l. Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

Stakeholders’ Relationship Committee

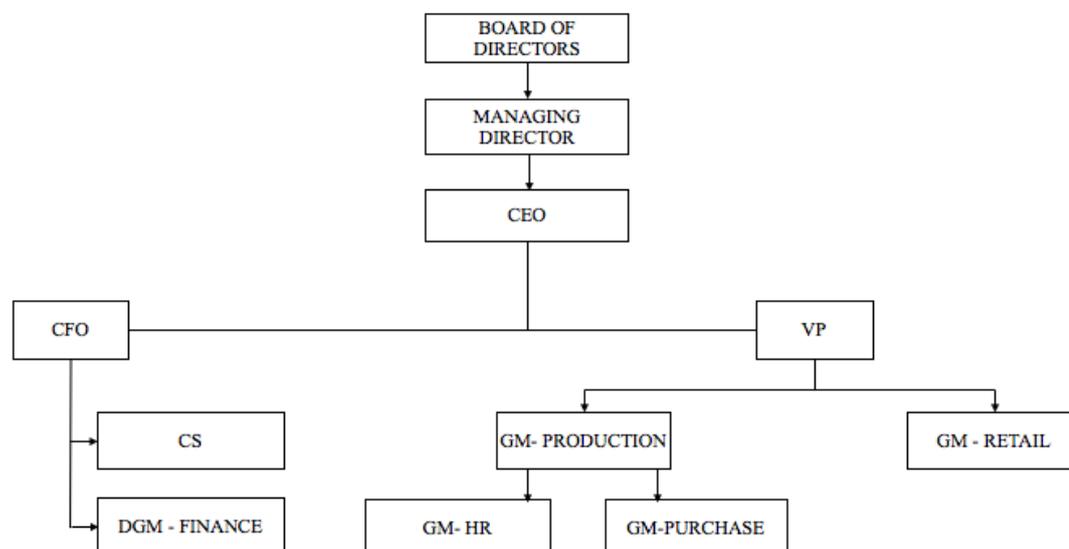
The members of the Stakeholders’ Relationship Committee are:

- 1. Mr. Suresh Bohra - Chairman
- 2. Mr. Mahilan Irulappan–Member
- 3. Mr. Dinakaran Rajachandran - Member
- 4. Mr. A Inico Inbaraj
- 5. Mr. K Raja

The Stakeholders’ Relationship Committee was constituted by our Board of Directors at their meeting held on 03 January 2018. The terms of reference of the Stakeholders’ Relationship Committee was adopted pursuant to the Board resolution dated 03 January 2018. The scope and function of the Stakeholders’ Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are as follows:

- a) Redressal of grievances of our shareholders, debenture holders and other security holders, including complaints related to the transfer of shares;
- b) Allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- c) Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- d) Non-receipt of declared dividends, balance sheets of our Company, annual report or any other documents or information to be sent by our Company to its shareholders; and
- e) Carrying out any other function as prescribed under the Listing Regulations, Companies Act, 2013 and the rules and regulations made thereunder, each as amended or other applicable law.

Management Organization Chart



Key Managerial Personnel

The details of the Key Management Personnel are as follows:

Apart from the Managing Director, Whole-time director, CEO and CFO whose profiles are in on page 106, the following are the other Key managerial personnel of the Company:

V Rajagopalan, 60 years of Age, is our company secretary and compliance officer. He holds a Bachelor Degree in Commerce from Madurai Kamaraj University. He is also an associate member of the Institute of Company Secretaries of India. Prior to joining our company he has worked with many company from 1981 in varied positions in the Finance Department and in the last role before joining our company he worked as Admin Manager in Tri Star Horti Tech. After he obtained his membership with ICSI in 2017 he started assisting a senior Practicing Company Secretary in Madurai till he joined our Company in September 2017. During the Financial Year 2016-17, he was not paid any compensation by our Company.

Mr. P. Saravanan, 30 years of Age, is our General Manager of Retail and he oversees daily operations, staff, facilities, and inventory. He holds a Diploma in Civil Engineering from Anna University. Prior to joining our company, he was associated with Golden Garments, which is a group entity of our Company. He has over 10 years of experience. He joined our Company on 01 February 2018. During the Financial Year 2016-17, he was not paid any compensation by our Company.

Mr. S. Samuvel, 25 years of Age, is our General Manager of Human Resources. He holds a Bachelor's Degree in Business Administration from Raju's College, Rajapalayam. He also holds a Degree of Master of Commerce from Manonmaniyan Sundaranar University and a degree of Master of Business Administration from Arulmigu Kalasalingam University. Prior to joining our company, he was associated with Golden Garments, which is a group entity of our Company. He has over 3 years of experience. He joined our Company on 01 February 2018. During the Financial Year 2016-17, he was not paid any compensation by our Company.

Mr. P. Amirtharajan, 43 years of Age, is our General Manager of Production. He holds a Bachelor's Degree in Commerce from Manonmaniyan Sundaranar University and holds a degree of doctor in Fine Arts. He has more than 18 years of experience in managing Production operations in textile garments field. Prior to joining our company, he was associated with Inspecta, Tirupur. He joined our Company on 01 October 2010 and during the Financial Year 2016-17, he was paid a gross compensation of Rs.1.44 Lakhs .

Mr. A. Karthic, 47 years of age, is our Deputy General Manager Finance. He holds a Bachelor's Degree in Commerce from Bishop Heber College in Tiruchirapalli. He has more than 28 years of experience in the field of finance and accounting. Prior to joining our company, he was associated with Sneha Apparels, which was a partnership firm belonging to our group entities, until it was taken over by our Company. He joined our Company on 30 July 2017. During the Financial Year 2016-17, he was not paid any compensation by our Company.

Mr. R. Saravana Kumar, 40 years of Age, is our General Manager Purchases. He has more than 15 years of experience in Materials Management, Supply Chain Management encompassing vendor management, sourcing and total commercial operations. Prior to joining our company, he was associated with Golden Garments, which is a group entity of our Company. He joined our Company on 01 February 2018. During the Financial Year 2016-17, he was not paid any compensation by our Company.

Confirmations

None of the Key Management Personnel are related to each other except the directors of the Company who are also the Key Managerial Personnel.

All the Key Management Personnel are permanent employees of our Company.

Each of our Key Management Personnel has entered into a service contract with our Company in relation to their respective employment in our Company. Each service contract details inter alia the remuneration and other benefits which would be provided by our Company to such Key Management Personnel and their respective duties and obligations with respect to our intellectual property and the confidentiality of inter alia our proprietary information. The contracts impose non-solicit and non-compete obligations on the Key Management Personnel during the tenure of employment in our Company and for a period of six months thereafter. Each contract may be terminated by either the company or the Key Managerial Personnel by providing one month prior notice. Our Key Management Personnel are entitled to benefits under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 at the rate of 12% of the basic salary and under the Payment of Gratuity Act, 1972.

Shareholding of Key Management Personnel

Other than Mr. K Raja, Mr. A Inicio Inbaraj, Ms. R Shyamala Devi and Ms. I Neelapushpam none of our Key Management Personnel hold any Equity Shares in our Company.

Bonus or profit sharing plans

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

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of shares held by them, the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Nature of any family relationship between the Key Managerial Personnel

None of the Key Managerial Personnel are in any way related to each other except as stated in Para “*Relationship between our Directors*” above.

Changes in Key Managerial Personnel

Other than as disclosed in “Change in the Board in the last three years” on page 110, the changes in the Key Management Personnel in the last three years are as follows:

| Name | Designation | Date of Change | Reasons for change |
|----------------------|------------------------------------|-------------------|--------------------|
| V Rajagopalan | Company Secretary | 18 September 2017 | Appointment |
| K Raja | Chief Executive Officer | 13 November 2017 | Appointment |
| R Shyamaladevi | Chief Financial Officer | 13 November 2017 | Appointment |
| I Neelapushpam | Vice President | 13 November 2017 | Appointment |
| P Saravanan | General Manager Retail | 01 February 2018 | Appointment |
| S Samuvel | General Manager of Human Resources | 01 February 2018 | Appointment |
| A Karthic | Deputy General Manager Finance | 30 June 2017 | Appointment |
| Mr.R. Saravana Kumar | General Manager Purchases | 01 February 2018 | Appointment |

Payment of Benefits to Officers of our Company

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

Loans taken by Directors / Key Managerial Personnel

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

ESOP

Our Company has not implemented any ESOP scheme.

OUR PROMOTER AND PROMOTER GROUP

Our Promoter

Our Promoter is Mr. K Raja and Mr. A Inico Inbaraj. As on the date of this Draft Prospectus, Mr. K Raja and Mr. A Inico Inbaraj holds 1,04,76,830 Equity Shares, which constitutes 60.78% of the issued and paid-up Equity Share capital of our Company.

Details of Individual Promoter of our Company

1. A. Inico Inbaraj

| | |
|---|---|
|  | <p>Mr. A. Inico Inbaraj, aged 45 years, is one of the promoter of our company. He holds a Bachelor degree in Mechanical Engineering from Madurai Kamaraj University. He along with Mr. K. Raja co-founded the garment business. He has 20 years of entrepreneurial experience in the garments industry. He is responsible for the overall strategic decision making of our Company and provides leadership to all operations.</p> <p>The voter identification number of Mr. A. Inico Inbaraj is 35/209/0393909 and his driving license number is F/TN/67Z/002474/2002.</p> <p>Our Company confirms that the permanent account number, bank account numbers and passport number of Mr A. Inico Inbaraj shall be submitted to the Stock Exchanges at the time of filing the Draft Prospectus.</p> |
|---|---|

2. K Raja

| | |
|---|--|
|  | <p>Mr. K. Raja, aged 43 years is also one of the promoters of the Company. He holds a bachelor Degree in Arts & Law from the University of Madras. He hails from a Family of businessmen in textile industry. He carried his private practice in Srivilliputhur Court till the year 1998. Subsequently, he co-founded the garments business in 1998 along with Mr. A. Inico Inbaraj, and they promoted our company in 2009. His primary responsibilities include making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and corporate operations.</p> <p>The voter identification number of Mr. K Raja is GRV4849691 and he does not have a driving license.</p> <p>Our Company confirms that the permanent account number, bank account numbers and passport number of Mr. K Raja shall be submitted to the Stock Exchanges at the time of filing the Draft Prospectus.</p> |
|---|--|

Interests of our Promoter

Our Promoter are interested in our Company to the extent that they have promoted our Company and to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company for any other distribution with respect to his Equity Shares in the future. For details pertaining to our Promoter's shareholding, please refer to section titled "Capital Structure" beginning on page 49 of this Draft Prospectus.

Our Promoters are also interested to the extent that they are Directors and Key Managerial Personnel of our Company. They are interested to the extent of any remuneration and reimbursement of expenses payable to them by virtue of being Director and Key Managerial Personnel of our Company. For further information on remuneration to the Executive Director, please refer to section titled "Our Management" beginning on page 103 of this Draft Prospectus.

Except as stated under section titled "Related Party Transactions" beginning on page 120 of this Draft Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Draft Prospectus or proposes to enter into any such contract in which our Promoters are directly or indirectly interested and no payments has been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with him.

Except as stated otherwise in this Draft Prospectus, our Promoter or Group Entities do not have any interest in any property acquired by our Company within two (2) years of the date of this Draft Prospectus or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

Except as disclosed in this Draft Prospectus, our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoter or to such firm or company in cash or shares or otherwise by any person for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

Common Pursuits

Our Company and other group entities are engaged in the same line of activity i.e. trading in readymade garments, nighty and inner-wears. This may have a potential conflict of interest in addressing business opportunities and strategies in circumstances where the interest of our Company may be similar to that of our group entities. Such business opportunities may create conflict of interest for our Promoter.

Except as disclosed in the chapter titled "Our Promoter and Promoter Group" on page 117 and "Our Group Companies" beginning on page 119 of this Draft Prospectus, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by us.

Confirmations

The Company hereby confirms that:

- ❖ Our Promoter and members of the Promoter Group have not been declared as Willful Defaulters.
- ❖ Our Promoter and members of the Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
- ❖ Our Promoter and members of the Promoter Group are not and have never been promoter, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Related Party Transactions

For details of related party transactions entered into by our Promoter, Promoter Group and our Company during the last financial year, the nature of transactions and the cumulative value of transactions, please refer to section titled "Related Party Transactions" beginning on page 120 of this Draft Prospectus.

Sale/purchase between Group Companies (exceeding 10% in aggregate of the total sales or purchases of our Company)

For details, please see the chapter titled "Financial Statements- Annexure XXII- Related Party Transactions" on page 141 of this Draft Prospectus.

Payment or benefits to our Promoters or our Promoter group

Except as stated otherwise in under section titled "Related Party Transactions" beginning on page 120 of this Draft Prospectus about the related party transactions entered into during the last five (5) Financial Years as per Accounting Standard 18 and in "Interest of Promoter" beginning on page 117 of this Draft Prospectus, there has been no payment or benefit to our Promoter or Promoter Group during the two (2) years prior to the filing of this Draft Prospectus nor is there any intention to pay or give any benefit to our Promoter or Promoter Group as on the date of this Draft Prospectus.

Disassociation by the Promoter from entities in last three (3) years

Our Promoters were associated as partners in Pommy Apparels, Sneha Apparels and Pommys Readymades whose business was taken over by the company during March 2017 and the partnership firms have since been dissolved. Apart from this, our promoters have not disassociated from any of the companies or firms in the last three (3) years.

Change in the management and control of Our Company

There has not been any change in the management or control of our Company.

GROUP ENTITIES OF OUR COMPANY

As per the SEBI (ICDR) Regulations, for the purpose of identification of Group Entities, our Company has considered companies/ entities covered under the applicable accounting standard, i.e., AS-18 as per the Restated Financial Statements and other companies/ entities considered material by our Board. Pursuant to a resolution of our Board dated December 15, 2017, for the purpose of disclosure in connection with the Issue, a company/ entity shall be considered material and disclosed as a Group Company/ entity as per the Materiality Policy if our Company has entered into one or more transactions with such company/ entity in the preceding Financial Year, cumulatively exceeding 10% of the total revenue of our Company for such Financial Year.

As on the date of this Draft Prospectus, Golden Garments Proprietorship of Mr. Inico Inbaraj and Kanishkvisva Textiles Proprietorship of Mr. Raja are the Group Entities of our Company. Golden Garments was formed in the year 1998 and Kanishkvisva Textiles was formed in the year 2002. Both the entities are engaged into trading of fabrics.



RELATED PARTY TRANSACTIONS

For details on related party transactions of the Company, please refer to Annexure XXII titled "Details of Related Party transactions as restated " in the section titled "Financial Information" beginning on page 122 of this Draft Prospectus.



DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by our Board of Directors and approved by our shareholders at their discretion, subject to the provisions of the Articles of Association and applicable law including the Companies Act. The dividends, if any, will depend on number of factors, including but not limited to the earnings, capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by number of other factors, including, restrictive covenants under the loan or financing documents that we may enter into in the future. Our Company has no formal dividend policy. Our Board may also, from time to time, pay interim dividends.

Our Company has not declared dividend in any financial year as on the date of this Draft Prospectus.

SECTION V: FINANCIAL INFORMATION

RESTATED STANDALONE FINANCIAL STATEMENTS

AUDITORS REPORT

AUDITORS REPORT ON RESTATED FINANCIAL STATEMENTS

Independent Auditors Report for the Standalone Restated Financial Statements of Pommys Garments (India) Ltd

The Board of Directors
Pommys Garments (India) Ltd
5/13B Pommys Nagar
Seithur Road Dhalavailpuram 626188
Tamilnadu

Dear Sirs,

1. We have examined the attached Standalone Restated Summary Statement of Assets and Liabilities of **Pommys Garments (India)Ltd**, (hereinafter referred to as **—the Company—**) as at September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013, Standalone Restated Summary Statement of Profit and Loss and Standalone Restated Summary Statement of Cash Flow for the period / financial year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013 (collectively referred to as the **Standalone Restated Summary Statements** or **—Standalone Restated Financial Statements—**) annexed to this report and initialed by us for identification purposes. These Standalone Restated Financial Statements have been prepared by the management of the Company and approved by the Board of Directors of the company in connection with the Initial Public Offering (IPO) on SME Platform of NSE Limited (NSE).

2. These Standalone Restated Summary Statements have been prepared in accordance with the requirements of:

a) Part I of Chapter III to the Companies Act, 2013(—the Act) read with Companies (Prospectus and Allotment of Securities) Rules 2014;

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (—**ICDR Regulations—**) issued by the Securities and Exchange Board of India (—**SEBI—**) in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;

3. We have examined such Standalone Restated Financial Statements taking into consideration:

a) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Prospectus/ Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of NSE Limited(—**IPO** or —**SME IPO**); and

b) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (—**Guidance Note**).

4. The Standalone Restated Financial Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company

for the year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013 which have been approved by the Board of Directors.

5. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

(i) The **—Standalone Restated Statement of Asset and Liabilities** of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013, examined by us, as set out in **Annexure I** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in Notes to the Standalone Restated Summary Statements to this Report.

(ii) The **—Standalone Restated Statement of Profit and Loss** of the Company for the period / financial year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013, examined by us, as set out in **Annexure II** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such

adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in Notes to the Standalone Restated Summary Statements to this Report.

(iii) The **Standalone Restated Statement of Cash Flow** of the Company for the period / financial year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013, examined by us, as set out in **Annexure III** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in Notes to Standalone Restated Summary Statements to this Report.

1. Based on our examination, we are of the opinion that the Standalone Restated Financial Statements have been prepared:

a) Using consistent accounting policies for all the reporting periods.

b) There are no extra-ordinary items that need to be disclosed separately in the accounts and requiring adjustments.

c) There are no audit qualifications in the Audit Reports issued by us (The Statutory Auditors) for the period / financial year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015, 2014 and 2013 which would require adjustments in this Standalone Restated Financial Statements of the Company.

7. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the period / financial year ended on September 30, 2017, March 31, 2017, March 31, 2016, 2015,

2014 and 2013 proposed to be included in the Draft Prospectus / Prospectus

Annexure of Standalone Restated Financial Statements of the Company:-

1. Summary Statement of Assets and Liabilities, as Standalone Restated as appearing in ANNEXURE I;
2. Summary Statement of Profit and Loss, as Standalone Restated as appearing in ANNEXURE II;
3. Summary Statement of Cash Flow as Standalone Restated as appearing in ANNEXURE III;
4. Significant Accounting Policies as Standalone Restated as appearing in ANNEXURE IV;
5. Details of Share Capital as Standalone Restated as appearing in ANNEXURE V to this report;
6. Details of Reserves and Surplus as Standalone Restated as appearing in ANNEXURE VI to this report;
7. Details of Long Term Borrowings as Standalone Restated as appearing in ANNEXURE VII to this report;
8. Details of Deferred Tax Asset/Liability as Standalone Restated as per ANNEXURE VIII to this report;
9. Details of Short Term Borrowings as Standalone Restated as appearing in ANNEXURE IX to this report;
10. Details of Trade Payables as Standalone Restated as appearing in ANNEXURE X to this report;
11. Details of Other Current Liabilities as Standalone Restated as appearing in ANNEXURE XI to this report;
12. Details of Short Term Provisions as Standalone Restated as appearing in ANNEXURE XII to this report;
13. Details of Fixed Assets as Standalone Restated as appearing in ANNEXURE XIII to this report;
14. Details of Long Term Loans & Advances as Standalone Restated as appearing in ANNEXURE XIV to this report;
15. Details of Inventories as Standalone Restated as appearing in ANNEXURE XV to this report;
16. Details of Trade Receivables as Standalone Restated as appearing in ANNEXURE XVI to this report;
17. Details of Cash & Cash Equivalents as Standalone Restated as appearing in ANNEXURE XVII to this report;
18. Details of Short Term Loans & Advances as Standalone Restated as appearing in ANNEXURE XVIII to this report;
19. Details of Other Current Assets as Standalone Restated as appearing in ANNEXURE XIX to this report;
20. Details of Revenue from Operations as Standalone Restated as appearing in ANNEXURE XX to this report;
21. Details of Other Income as Standalone Restated as appearing in ANNEXURE XXI to this report;
22. Details of Related Party Transactions as Standalone Restated as appearing in ANNEXURE XXII to this report;
23. Summary of Significant Accounting Ratios as Standalone Restated as appearing in ANNEXURE XXIII to this report,

24. Capitalisation Statement as Standalone Restated as appearing in ANNEXURE XXIV to this report;

25. Statement of Tax Shelters as Standalone Restated as appearing in ANNEXURE XXV to this report;

The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.

We have no responsibility to update our report for events and circumstances occurring after the date of the report.

In our opinion, the above financial information contained in Annexure I to XXV of this report read with the respective Significant Accounting Policies and Notes to Standalone Restated Summary Statements as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.

Our report is intended solely for use of the management and for inclusion in the Draft Prospectus in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

Yours truly,

For Vivekanandan Associates
Chartered Accountants (FRN: 005268S)

Sd/-
S Dehaleesan (Mem.No: 027312)
Partner
Date: 26/03/2018

Restated Standalone Financials
Annexure I – Statement of Assets and Liabilities, as restated

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | EQUITY AND LIABILITIES | | | | | | |
| 1. | Shareholder's Funds | | | | | | |
| a. | Share Capital | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.93 |
| b. | Reserves & Surplus | 1,527.87 | 1,310.38 | 604.83 | 497.48 | 369.23 | 233.07 |
| 2. | Share Application Money Pending Allotment | - | - | - | 59.51 | 74.45 | 66.70 |
| 3. | Non Current Liabilities | | | | | | |
| a. | Long Term Borrowings | 2,436.61 | 2,504.75 | 1,293.96 | 947.78 | 789.66 | 402.19 |
| b. | Deferred Tax Liabilities | 28.45 | 28.45 | 19.45 | - | - | - |
| 4. | Current Liabilities | | | | | | |
| a. | Short Term Borrowings | 2,926.73 | 2,642.30 | 2,617.74 | 2,300.26 | 1,162.51 | 794.96 |
| b. | Trade Payables | 935.95 | 565.36 | 618.65 | 301.11 | 75.35 | 269.01 |
| c. | Other Current Liabilities | 519.28 | 201.06 | 63.39 | 114.29 | 0.94 | 0.54 |
| d. | Short Term Provisions | 142.15 | 47.79 | 21.34 | 0.65 | 12.26 | 10.08 |
| | TOTAL | 10,240.77 | 9,023.82 | 5,289.76 | 4,263.96 | 2,519.83 | 1,799.48 |
| | ASSETS | | | | | | |
| 5. | Non Current Assets | | | | | | |
| a. | Fixed Assets | | | | | | |
| i. | Tangible Assets | 2,120.44 | 1,795.79 | 1,056.87 | 911.89 | 639.54 | 444.94 |
| ii. | Less: Accumulated Depreciation | 422.40 | 363.26 | 308.83 | 249.88 | 168.60 | 117.05 |
| iii. | Capital Work in Progress | - | - | - | - | - | 25.16 |
| iv. | Net Block | 1,698.04 | 1,432.53 | 748.04 | 662.01 | 470.94 | 353.05 |
| b. | Long Term Loans and Advances | 629.31 | 530.76 | 216.33 | 172.96 | 85.36 | 4.75 |
| 6. | Current Assets | | | | | | |
| a. | Inventories | 7,605.34 | 6,736.59 | 3,316.54 | 2,316.31 | 1,542.53 | 1,096.59 |
| b. | Trade Receivables | 216.88 | 247.13 | 932.01 | 1,058.28 | 402.48 | 324.95 |
| c. | Cash and Cash Equivalent | 87.44 | 59.95 | 75.00 | 52.67 | 10.81 | 16.22 |
| d. | Short Term Loans and Advances | 3.76 | 16.85 | - | 1.73 | 7.71 | 3.92 |
| e. | Other Current Assets | - | - | 1.84 | - | - | - |
| | TOTAL | 10,240.77 | 9,023.82 | 5,289.76 | 4,263.96 | 2,519.83 | 1,799.48 |

Annexure II – Statement Profit and Loss, as restated

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|--|----------------|-----------------|-----------|----------|----------|----------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | A. INCOME | | | | | | |
| 1. | Revenue from Operations | 12,619.49 | 15,463.86 | 12,536.60 | 8,420.83 | 5,777.41 | 4,847.52 |
| 2. | Other Income | 0.02 | 10.34 | 16.29 | - | 0.44 | 8.06 |
| | Total Income (A) | 12,619.51 | 15,474.20 | 12,552.89 | 8,420.83 | 5,777.85 | 4,855.58 |
| | B. EXPENDITURE | | | | | | |
| 3. | Cost of Materials Consumed | 10,919.91 | 13,925.72 | 11,239.95 | 7,741.72 | 5,163.70 | 4,274.60 |
| 4. | Employee Benefit Expenses | 317.21 | 240.84 | 205.38 | 61.49 | 197.62 | 190.59 |
| 5. | Finance Costs | 335.24 | 390.37 | 362.80 | 248.08 | 150.02 | 122.39 |
| 6. | Depreciation and Amortization Expenses | 59.14 | 68.63 | 60.58 | 81.28 | 51.55 | 47.98 |
| 7. | Other Expenses | 682.63 | 695.43 | 584.48 | 227.01 | 174.24 | 189.48 |
| | Total Expenses (B) | | | | | | |
| | C. Profit before Exceptional Items, Extraordinary Items and Tax (A-B) | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 | 30.54 |
| | D. Exceptional Items and Extraordinary Items | - | - | - | - | - | - |
| | E. Profit before Tax | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 | 30.54 |
| | F. Tax Expense | | | | | | |
| 8. | Current Tax | 94.36 | 47.79 | 21.34 | - | 11.61 | 10.08 |
| 9. | Deferred Tax Liability | - | 9.00 | 11.82 | - | - | - |
| 10. | Deferred Tax Liability of earlier years | - | - | 7.63 | - | - | - |
| | Total Tax Expense (F) | 94.36 | 56.79 | 40.79 | 0.00 | 11.61 | 10.08 |
| | G. Profit for the year (E-F) | 211.02 | 96.42 | 58.91 | 61.25 | 29.11 | 20.46 |
| | H. Earnings per equity share: | | | | | | |
| | Basic (₹) | 1.22 | 9.51 | 12.26 | 14.59 | 8.03 | 8.92 |
| | Diluted (₹) | 1.22 | 9.51 | 12.26 | 14.59 | 8.03 | 8.92 |

Annexure III – Statement of Cash Flow, as restated

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|-----------|---|-----------------|-------------------|-----------------|-----------------|-----------------|----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| A. | Cash flow from Operating Activities | | | | | | |
| 1. | Net Profit Before Tax as per Profit and Loss Account | 305.38 | 153.21 | 99.69 | 61.25 | 40.72 | 30.54 |
| 2. | Adjustments for: | | | | | | |
| a. | Depreciation & Amortization Expenses | 59.14 | 68.63 | 60.58 | 81.28 | 51.55 | 47.98 |
| b. | Interest Expenses | 335.24 | 390.37 | 362.8 | 248.08 | 150.02 | 122.39 |
| c. | Interest Income | 0 | -0.31 | (0.11) | 0 | 0 | 0 |
| 3. | Operating Profit Before Working Capital Changes | 699.76 | 611.90 | 522.96 | 390.61 | 242.29 | 200.91 |
| 4. | Adjustment for increase/ decrease in: | | | | | | |
| a. | Short Term Provisions | - | - | - | - | - | - |
| b. | Trade Receivables | 30.25 | 684.88 | 126.27 | -655.8 | -77.53 | -27.03 |
| c. | Inventories | (868.75) | (3,420.05) | (1,000.23) | (773.78) | (445.93) | (193.56) |
| d. | Short Term Loans & Advances | 13.09 | (15.01) | (0.11) | 5.99 | (3.80) | - |
| e. | Loans & Advances & Other Current Assets | (98.56) | (314.43) | (43.38) | (87.59) | (80.62) | (6.01) |
| f. | Trade Payables | 370.59 | (53.30) | 317.55 | 225.75 | (193.66) | 86.26 |
| g. | Other Current Liabilities & Short Term Provisions | 412.58 | 164.12 | (30.23) | 101.74 | 2.59 | 9.68 |
| 5. | Cash Generated From Operations | 558.96 | (2,341.89) | (107.17) | (793.08) | (556.66) | 70.25 |
| 6. | Net Income Tax Paid/ Refunded | (94.36) | (56.78) | (60.06) | - | (17.06) | (16.71) |
| 7. | Net Cash Flow from Operating Activities (A) | 464.60 | (2,398.67) | (167.23) | (793.07) | (573.72) | 53.54 |
| B. | Cash Flow from Investing Activities | | | | | | |
| 1. | Net (Purchases)/ Sales of Fixed Assets (including CWIP) | (324.64) | (753.12) | (146.61) | (272.35) | (169.43) | (57.02) |
| 2. | Interest Income | 0 | 0.31 | 0.11 | 0 | 0 | 0 |
| 3. | Net Cash Flow from Investing Activities (B) | (324.64) | (752.81) | (146.50) | (272.35) | (169.43) | (57.02) |
| C. | Cash Flow from Financing Activities | | | | | | |
| 1. | Increase in Capital | - | 1,673.33 | 7.53 | 7.44 | 12.50 | 7.20 |
| 2. | Increase in Securities Premium Account | - | 763.16 | 67.73 | 67.00 | 112.50 | 64.80 |
| 3. | Adjustment in reserves for share allotment and taxes | 6.48 | (154.03) | - | - | - | - |
| 4. | Share application money pending allotment | - | - | (59.51) | (14.94) | 7.75 | 13.54 |
| 5. | Net Increase/ (Decrease) in | (68.14) | 1,210.78 | 346.18 | 158.12 | 387.46 | (15.52) |

| | | | | | | | |
|----|--|----------|----------|----------|----------|----------|----------|
| | Borrowings | | | | | | |
| 6. | Net Increase/(Decrease) in Other short term Borrowing | 284.43 | 24.56 | 317.48 | 1,137.75 | 367.55 | 8.51 |
| 7. | Net Increase/(Decrease) in Term Liabilities | - | 9.00 | 19.45 | - | - | - |
| 8. | Interest paid | (335.24) | (390.37) | (362.80) | (248.08) | (150.02) | (122.39) |
| 9. | Net Cash Flow from Financing Activities (C) | (112.47) | 3,136.43 | 336.06 | 1,107.29 | 737.74 | (43.86) |
| D. | Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C) | 27.49 | (15.05) | 22.33 | 41.87 | (5.41) | (47.34) |
| E. | Cash & Cash Equivalents As At Beginning of the Year | 59.95 | 75.00 | 52.67 | 10.8 | 16.21 | 63.56 |
| F. | Cash & Cash Equivalents As At Close of the Year (D+E) | 87.44 | 59.95 | 75.00 | 52.67 | 10.80 | 16.22 |

Annexure IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards prescribed under Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.

Use of estimates

Preparation of financial statements in accordance with Generally Accepted Accounting Principles requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates in the future periods.

Operating cycles

All assets and liabilities have been classified as Current and Non-Current as per the company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of Current and Non-Current classification of Assets and Liabilities

Inventories and basis of valuation

Raw Materials

Valued at cost on weighted average basis including the cost incurred in bringing the inventories to their present location and condition or net realizable value whichever is lower.

Finished Goods and Work in Progress

Valued at cost on weighted average basis including the cost incurred in bringing the inventories to their present location and condition or net realizable value whichever is lower.

Cash flow Statement

Cash and cash equivalent for the purpose of cash flow statement comprises of cash in hand and cash with bank including fixed deposit. Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of the transaction of non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows.

Treatment of prior period and extraordinary expense

Prior period items which arise in the current period as a result of error or commission in the preparation of prior period financial statements are separately disclosed in the current statement of Profit and Loss. However, the differences in actual income/ expenditure arising out of over or under estimation in prior period are not treated as prior period income or expenditure.

Fixed Assets

Fixed assets are stated at their original cost of acquisitions/installation (Net of CENVAT/ VAT credits availed if any) less accumulated depreciation. All cost attributable to fixed assets are capitalized.

Depreciation

Depreciation of Fixed Assets are provided on Straight-line method, over useful life and residual value specified by Schedule II of the Companies Act, 2013 which are reflective of useful lives of the fixed assets. Depreciation on additions and deletions are provided on pro rata basis.

Revenue Recognition

Revenue from sale of goods is recognized when significant risk and rewards in respect of ownership of products are transferred to customers.

Gross sales are disclosed net of VAT and sales return. Net Sales exclude Excise Duty, Education Cess, Secondary and Higher education Cess, if any.

Service income is recognized when the related services are performed/ rendered.

Interest income is offered on time proportionate basis. Insurance & other claims refunds, due to uncertainty in realization, are accounted for on actual receipt basis

Employee Benefits

Short Term employee benefits: Salaries and wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

Defined Contribution Plan: Contribution to Provident Fund and Employee State Insurance are recognized as expense in the Statement of Profit and Loss for the year in which the employees have rendered services. The company contributes monthly to Provident Fund and Employee State Insurance administered by the Government.

Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction of qualifying asset are capitalized for the period until the asset is ready for its intended use. Other borrowing costs are recognized as expense in the year in which they are incurred.

Segment Reporting

The company's operating businesses are organized and managed separately according to the nature of products and services provided with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of the geographical segment is based on the areas in which major operating divisions of the company operate.

Earnings per Share

Basic and diluted earnings per share are computed by dividing the net profit after tax attributable to equity shareholders for the year, with the weighted number of equity shares outstanding during the year.

Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period.

Details of Standalone Share

(a) Authorized, Issued, Subscribed and Paid Up Share Capital:

Annexure –V

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|--|-----------------|-----------------|--------------|--------------|--------------|--------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Share Capital : | | | | | | |
| | Authorized: | | | | | | |
| | Equity Shares of Rs.10.00 each [2,49,00,000 equity shares on 30/09/17 and 2,00,00,000 equity shares on 31/03/17] | 2490.00 | 2000.00 | 75.00 | 75.00 | 75.00 | 25.00 |
| | Issued | | | | | | |
| | Equity Shares of Rs.10.00 each | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.93 |
| | Total Issued | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.33 |
| | Subscribed and Paid Up | | | | | | |
| | Equity Shares of Rs.10.00 each | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.93 |
| | Total Subscribed and Paid Up | 1,723.73 | 1,723.73 | 50.40 | 42.88 | 35.43 | 22.93 |

Details of Standalone Reserves and Surplus as Restated

Annexure –VI

(₹ In Lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|-----------------|-----------------|---------------|---------------|---------------|---------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | a) Securities Premium account | | | | | | |
| | Opening Balance | 1,207.77 | 444.62 | 376.89 | 309.90 | 197.40 | 132.60 |
| | Add : additions during the year | - | 1,216.77 | 67.73 | 67.00 | 112.50 | 64.80 |
| | Add : additions during the year - on takeover of Partnership firm - Note 1 | - | 846.09 | - | - | - | - |
| | Less: deductions - applied for issue of Bonus shares | - | (1,299.71) | - | - | - | - |
| | Closing balance (A) | 1,207.77 | 1,207.77 | 444.62 | 376.90 | 309.90 | 197.40 |
| | b) Surplus | | | | | | |
| | Opening Balance | 102.61 | 160.22 | 120.59 | 59.33 | 35.67 | 22.49 |
| | Add: Net profit(Net Loss) for the current year | 211.02 | 96.42 | 58.90 | 61.25 | 29.10 | 20.46 |
| | Add: Earlier year adjustment | 6.72 | 24.72 | 1.63 | - | 10.08 | - |
| | Sub total | 320.35 | 281.36 | 181.12 | 120.58 | 74.85 | 42.95 |
| | Earlier Year Tax Adjusted (Note 2) | (0.25) | (34.34) | (20.90) | | (15.52) | (7.28) |
| | Transfer to Share Capital (Note 3) | - | (144.41) | | | | |
| | Closing balance (B) | 320.10 | 102.61 | 160.22 | 120.58 | 59.33 | 35.67 |
| | TOTAL Closing Balance of All Reserves - Amount as per B/S | 1,527.87 | 1,310.38 | 604.83 | 497.48 | 369.23 | 233.07 |

Note 1 - Additions to Share premium consequent to takeover of Partnership firms (₹ In lakhs)

| Particulars of Firms | Amount |
|----------------------|---------------|
| Angel Apparels | 371.52 |
| Sneha Apparels | 171.09 |
| Pommys Apparels | 153.99 |
| PommysReadymades | 149.49 |
| | |
| Total | 846.09 |

Note 2 Details of current/earlier year taxes adjusted

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|------------|------------------------|----------------|-----------------|--------------|----------|--------------|-------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| (a) | Taxes for year | | | | | | |
| | Financial Year 2010-11 | - | - | - | - | - | 3.03 |
| | Financial Year 2011-12 | - | - | - | - | 4.32 | 4.25 |
| | Financial Year 2012-13 | - | - | - | - | - | - |
| | Financial Year 2013-14 | - | - | 0.85 | - | 6.15 | - |
| | Financial Year 2014-15 | - | 3.92 | 20.05 | - | - | - |
| | Financial Year 2015-16 | 0.25 | 23.60 | - | - | - | - |
| | Financial Year 2016-17 | - | - | - | - | - | - |
| | VAT penalties | - | 4.10 | - | - | 5.05 | - |
| | TDS related penalties | - | 2.72 | - | - | - | - |
| | | | | | | | |
| | TOTAL | 0.25 | 34.34 | 20.90 | - | 15.52 | 7.28 |

**Details of Standalone Long Term Borrowings as Restated
Annexure –VII**

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|-----------|---|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Term Loans | | | | | | |
| | From Banks: | | | | | | |
| (i) | Secured [against Machineries, Buildings and properties and vehicles purchased out of bank finance] | 2,006.31 | 2,416.63 | 340.59 | 378.69 | 303.20 | 50.30 |
| (ii) | Secured against Vehicles – Banks and NBFCs [Loans availed from Aditya Birla Finance, Axis Bank, Bajaj Finance, India Infoline, Kotak Mahindra Bank, Shriram City Union Finance, Tata Capital, HDFC Bank] | 430.30 | 88.12 | 20.03 | 48.32 | 77.11 | 56.82 |
| | From Others: | | | | | | |
| (i) | Unsecured | - | - | 933.34 | 520.77 | 409.35 | 295.07 |
| | | | | | | | |
| | TOTAL | 2,436.61 | 2,504.75 | 1,293.96 | 947.78 | 789.66 | 402.19 |

Long Term borrowings from Banks (i) as above represent Term loans availed from Karur Vysya Bank Limited. It includes fresh Working Capital Term loan of Rs. 16.50 crores @ 12% p.a with repayment period of 120 months. Apart from this, the Company has availed 15 different loans with varying limits and repayments period terms ranging from 15 months to 72 months as it stands on 31st March 2017 from the same bank. Terms loans are secured by hypothecation of existing machineries, furniture and fixtures and vehicles acquired out of bank finance, building and other properties.

Annexure – VIII
Deferred tax Liability

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|------------------------|----------------|-----------------|--------------|----------|----------|----------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Deferred Tax Liability | 28.45 | 28.45 | 19.45 | - | - | - |
| | TOTAL | 28.45 | 28.45 | 19.45 | - | - | - |

Details of Standalone Short Term Borrowing as Restated
Annexure –IX

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|------------|--|----------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| (A) | Loans repayable on demand | | | | | | |
| (i) | From banks | | | | - | - | - |
| | Secured (by Stock & Book debts of the Company) Working capital loan | 2926.73 | 2,642.30 | 2,617.74 | 2,300.26 | 1,162.51 | 794.96 |
| | TOTAL | 2926.73 | 2,642.30 | 2,617.74 | 2,300.26 | 1,162.51 | 794.96 |

Short term borrowings represent Cash credit facility of Rs. 26.00 crores availed from Karur Vysya Bank to meet the working capital needs. Applicable interest rate 11.75% at 25% margin secured against Primary security of Stock of Raw materials, semi-finished goods and finished goods and Books debts.

Details of Standalone Trade Payables as Restated

Annexure –X

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|----------------------------------|----------------|-----------------|---------------|---------------|--------------|---------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Sundry Creditors- Trade Payables | 935.95 | 565.36 | 618.65 | 301.11 | 75.35 | 269.01 |
| | TOTAL | 935.95 | 565.36 | 618.65 | 301.11 | 75.35 | 269.01 |

Details of Standalone Other Current Liabilities as Restated

Annexure –XI

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|------------------------------------|----------------|-----------------|--------------|---------------|-------------|-------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Current maturity of long term loan | 427.84 | 148.07 | 43.74 | 102.59 | 0.61 | 0.16 |
| | Statutory Liabilities | 7.22 | 3.42 | 6.81 | 1.67 | 0.08 | 0.38 |
| | ESI & PF Payable | 1.90 | 2.60 | 1.48 | 2.12 | 0.25 | - |
| | Provision for Gratuity # | 1.44 | 1.44 | | | | |
| | Rent payable | 63.98 | - | - | - | - | - |
| | Other Payable | 16.90 | 45.53 | 11.36 | 7.91 | - | - |
| | TOTAL | 519.28 | 201.06 | 63.39 | 114.29 | 0.94 | 0.54 |

Provision for Gratuity represents Gratuity provision made for Directors Mr. Raja and Mr. Inico Inbaraj. The provision for Gratuity was not made every year from the year 2012-13 to 2015-16. Hence, a restatement in the financials have been made in and from the year 2016-17.

**Details of Standalone Short Term Provisions as Restated
Annexure –XII**

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, 2017 | As at March 31, | | | | |
|--------|--------------------------|---------------------|-----------------|--------------|-------------|--------------|--------------|
| | | | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Provision for Income tax | 142.15 | 47.79 | 21.34 | 0.65 | 12.26 | 10.08 |
| | TOTAL | 142.15 | 47.79 | 21.34 | 0.65 | 12.26 | 10.08 |

Details of Fixed Assets as Standalone Restated

ANNEXURE XIII

| Tangible Fixed Assets | Gross Block | | | Depreciation | | | | | | Net Block | |
|--------------------------------------|-----------------|---------------|-----------|-----------------|-------------------|--------------------|-----------|---------------------------|-------------------|-----------------|-----------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2017 | | | 30/09/2017 | 01/04/2017 | | | | 30/09/2017 | 30/09/2017 | 31/03/2017 |
| Building | 1,095.83 | 311.84 | - | 1,407.67 | 107.76 | 29.35 | - | - | 137.11 | 1,270.56 | 988.07 |
| Plant & Machinery | 275.39 | 1.21 | - | 276.60 | 144.13 | 11.59 | - | - | 155.72 | 120.88 | 131.26 |
| Furnitures | 24.79 | 1.37 | - | 26.16 | 2.72 | 0.98 | - | - | 3.70 | 22.46 | 22.08 |
| Computers-Hardware | 25.17 | 6.91 | - | 32.08 | 13.01 | 0.84 | - | - | 13.85 | 18.23 | 12.16 |
| Computers-Software | 9.96 | - | - | 9.96 | 1.59 | 0.26 | - | - | 1.85 | 8.11 | 8.36 |
| Office Equipments incl mobile phones | 12.95 | 3.32 | - | 16.27 | 3.91 | 0.89 | - | - | 4.80 | 11.47 | 9.04 |
| Vehicle | 351.70 | - | - | 351.70 | 90.14 | 15.23 | - | - | 105.37 | 246.33 | 261.56 |
| TOTAL | 1,795.79 | 324.65 | - | 2,120.44 | 363.26 | 59.14 | - | - | 422.40 | 1,698.04 | 1,432.53 |

| Tangible Fixed Assets | Gross Block | | | Depreciation | | | | | | Net Block | |
|--------------------------------------|-------------|-----------|-----------|--------------|-------------------|--------------------|-----------|---------------------------|-------------------|------------|------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2016 | | | 31/03/2017 | 01/04/2016 | | | | 31/03/2017 | 31/03/2017 | 31/03/2016 |
| Building | 520.11 | 575.72 | - | 1,095.83 | 84.91 | 22.85 | - | - | 107.76 | 988.07 | 435.20 |
| Plant & Machinery | 244.79 | 30.60 | - | 275.39 | 122.81 | 21.32 | - | - | 144.13 | 131.26 | 121.99 |
| Furnitures | 21.90 | 2.89 | - | 24.79 | 1.10 | 1.62 | - | - | 2.72 | 22.07 | 20.80 |
| Computers-Hardware | 23.30 | 1.87 | - | 25.17 | 11.90 | 1.11 | - | - | 13.01 | 12.16 | 11.40 |
| Computers-Software | 8.47 | 1.49 | - | 9.96 | 1.17 | 0.42 | - | - | 1.59 | 8.37 | 7.29 |
| Office Equipments incl mobile phones | 8.17 | 4.78 | - | 12.95 | 2.55 | 1.36 | - | - | 3.91 | 9.04 | 5.62 |

| | | | | | | | | | | | |
|--------------|-----------------|---------------|--------------|-----------------|---------------|--------------|--------------|----------|---------------|-----------------|---------------|
| Vehicle | 230.13 | 147.61 | 26.04 | 351.70 | 84.39 | 19.95 | 14.20 | - | 90.14 | 261.56 | 145.74 |
| TOTAL | 1,056.87 | 764.96 | 26.04 | 1,795.79 | 308.83 | 68.63 | 14.20 | - | 363.26 | 1,432.53 | 748.04 |

| Tangible Fixed Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|--------------------------------------|---------------|---------------|-----------|-----------------|-------------------|--------------------|-----------|---------------------------|-------------------|---------------|---------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2015 | | | 31/03/2016 | 01/04/2016 | | | | 31/03/2016 | 31/03/2016 | 31/03/2015 |
| Building | 387.65 | 132.46 | - | 520.11 | 68.22 | 16.70 | - | 0.01 | 84.91 | 435.20 | 319.43 |
| Plant & Machinery | 244.79 | - | - | 244.79 | 101.59 | 21.22 | - | - | 122.81 | 121.99 | 143.20 |
| Furnitures | 15.20 | 6.70 | - | 21.90 | 1.84 | 0.88 | - | 1.62 | 1.10 | 20.80 | 13.36 |
| Computers-Hardware | 20.32 | 2.98 | - | 23.30 | 9.55 | 2.35 | - | - | 11.90 | 11.40 | 10.77 |
| Computers-Software | 8.47 | - | - | 8.47 | 0.81 | 0.36 | - | - | 1.17 | 7.29 | 7.66 |
| Office Equipments incl mobile phones | 6.54 | 1.63 | - | 8.17 | 1.46 | 1.09 | - | - | 2.55 | 5.62 | 5.08 |
| Vehicle | 228.92 | 1.21 | - | 230.13 | 66.41 | 17.98 | - | - | 84.39 | 145.74 | 162.51 |
| TOTAL | 911.89 | 144.98 | - | 1,056.87 | 249.88 | 60.58 | - | 1.63 | 308.83 | 748.04 | 662.01 |

| Tangible Fixed Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|--------------------------------------|-------------|-----------|-----------|------------|-------------------|--------------------|-----------|---------------------------|-------------------|------------|------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2014 | | | 31/03/2015 | 01/04/2014 | | | | 31/03/2015 | 31/03/2015 | 31/03/2014 |
| Building | 248.57 | 139.08 | - | 387.65 | 38.45 | 29.77 | - | - | 68.22 | 319.43 | 210.12 |
| Plant & Machinery | 226.90 | 17.89 | - | 244.79 | 80.77 | 20.82 | - | - | 101.59 | 143.20 | 146.13 |
| Furnitures | 4.42 | 10.78 | - | 15.20 | 0.95 | 0.89 | - | - | 1.84 | 13.36 | 3.47 |
| Computers-Hardware | 2.98 | 17.34 | - | 20.32 | 2.42 | 7.13 | - | - | 9.55 | 10.77 | 0.56 |
| Computers-Software | 3.02 | 5.45 | - | 8.47 | 0.26 | 0.55 | - | - | 0.81 | 7.66 | 2.76 |
| Office Equipments incl mobile phones | 2.40 | 4.14 | - | 6.54 | 0.66 | 0.80 | - | - | 1.46 | 5.08 | 1.74 |
| Vehicle | 151.25 | 77.67 | - | 228.92 | 45.09 | 21.32 | - | - | 66.41 | 162.51 | 106.16 |
| TOTAL | | | | | 168.60 | 81.28 | | - | 249.88 | | |

| | | | | | | | | | | |
|--|--------|--------|---|--------|--|--|---|--|--------|--------|
| | 639.54 | 272.35 | - | 911.89 | | | - | | 662.01 | 470.94 |
|--|--------|--------|---|--------|--|--|---|--|--------|--------|

| Tangible Fixed Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|--------------------------------------|---------------|---------------|-----------|---------------|-------------------|--------------------|-----------|---------------------------|-------------------|---------------|---------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2013 | | | 31/03/2014 | 01/04/2013 | | | | 31/03/2014 | 31/03/2014 | 31/03/2013 |
| Building | 132.52 | 116.05 | - | 248.57 | 23.22 | 15.23 | - | - | 38.45 | 210.12 | 109.30 |
| Plant & Machinery | 193.27 | 33.63 | - | 226.90 | 61.82 | 18.95 | - | - | 80.77 | 146.13 | 131.45 |
| Furnitures | 4.42 | - | - | 4.42 | 0.61 | 0.34 | - | - | 0.95 | 3.47 | 3.81 |
| Computers-Hardware | 2.34 | 0.64 | - | 2.98 | 2.07 | 0.35 | - | - | 2.42 | 0.56 | 0.27 |
| Computers-Software | - | 3.02 | - | 3.02 | - | 0.26 | - | - | 0.26 | 2.76 | - |
| Office Equipments incl mobile phones | - | 2.40 | - | 2.40 | - | 0.66 | - | - | 0.66 | 1.74 | - |
| Vehicle | 112.39 | 38.86 | - | 151.25 | 29.33 | 15.76 | - | - | 45.09 | 106.16 | 83.06 |
| TOTAL | 444.94 | 194.60 | - | 639.54 | 117.05 | 51.55 | - | - | 168.60 | 470.94 | 327.89 |

| Tangible Fixed Assets | Gross Block | | | | Depreciation | | | | | Net Block | |
|--------------------------------------|---------------|--------------|-----------|---------------|-------------------|--------------------|-----------|---------------------------|-------------------|---------------|---------------|
| | Cost as on | Additions | Deletions | Cost as on | Depreciation upto | Dep for the period | Deletions | Adjusted against reserves | Depreciation upto | As on | As on |
| | 01/04/2012 | | | 31/03/2013 | 01/04/2012 | | | | 31/03/2013 | 31/03/2013 | 31/03/2012 |
| Building | 122.41 | 10.11 | - | 132.52 | 11.21 | 12.01 | - | - | 23.22 | 109.30 | 111.20 |
| Plant & Machinery | 174.05 | 19.22 | - | 193.27 | 40.87 | 20.95 | - | - | 61.82 | 131.45 | 133.19 |
| Furnitures | 1.82 | 2.60 | - | 4.42 | 0.31 | 0.30 | - | - | 0.61 | 3.81 | 1.51 |
| Computers-Hardware | 2.20 | 0.14 | - | 2.34 | 1.77 | 0.30 | - | - | 2.07 | 0.27 | 0.43 |
| Computers-Software | - | - | - | - | - | - | - | - | - | - | - |
| Office Equipments incl mobile phones | - | - | - | - | - | - | - | - | - | - | - |
| Vehicle | 87.44 | 24.95 | - | 112.39 | 14.91 | 14.42 | - | - | 29.33 | 83.06 | 72.53 |
| TOTAL | 387.92 | 57.02 | - | 444.94 | 69.07 | 47.98 | - | - | 117.05 | 327.89 | 318.86 |

Details of Standalone Long Term Loans and Advances as Restated

Annexure-XIV

(₹ In lakhs)

| Sr. No | Particulars | As at | As at March 31, | | | | |
|--------|--------------------------|---------------|-----------------|---------------|---------------|--------------|-------------|
| | | Sept 30, 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Rent Advance | 449.86 | 236.65 | 196.79 | 158.44 | 74.00 | - |
| | Staff Advances | 84.95 | 50.61 | - | - | - | - |
| | Advance Tax & TDS | 42.63 | 26.75 | 19.02 | 14.00 | 10.84 | 4.23 |
| | Other Loans and Advances | 51.87 | 216.75 | 0.52 | 0.52 | 0.52 | 0.52 |
| | TOTAL | 629.31 | 530.76 | 216.33 | 172.96 | 85.36 | 4.75 |

Details of Inventories are as restated

Annexure-XV

(₹ In lakhs)

| Sr. No | Particulars | As at | As at March 31, | | | | |
|--------|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | Sept 30, 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Raw Materials | 1,410.58 | 1,257.83 | 624.85 | 421.49 | 298.02 | 224.75 |
| | Sub Total | 1,410.58 | 1,257.83 | 624.85 | 421.49 | 298.02 | 224.75 |
| | b) Work in progress | 1,916.45 | 1,637.21 | 1,016.43 | 572.95 | 384.88 | 266.51 |
| | c) Finished goods | 4,278.31 | 3,841.55 | 1,675.26 | 1,321.87 | 859.63 | 605.33 |
| | TOTAL | 7,605.34 | 6,736.59 | 3,316.54 | 2,316.31 | 1,542.53 | 1,096.59 |

Details of Standalone Trade Receivables as Restated

Annexure XVI

(₹ In lakhs)

| Sr. No | Particulars | As at | As at March 31, | | | | |
|--------|--------------|---------------|-----------------|---------------|-----------------|---------------|---------------|
| | | Sept 30, 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Others | 216.88 | 247.13 | 932.01 | 1,058.28 | 402.48 | 324.95 |
| | TOTAL | 216.88 | 247.13 | 932.01 | 1,058.28 | 402.48 | 324.95 |

Details of Standalone Cash, Cash Equivalents and Bank balances as Restated

Annexure XVII

(₹ In lakhs)

| Sr. No | Particulars | As at | As at March 31, | | | | |
|--------|-------------------------------|---------------|-----------------|--------------|--------------|--------------|--------------|
| | | Sept 30, 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Cash Balance | 58.79 | 32.13 | 16.24 | 13.64 | 10.81 | 10.42 |
| b) | Bank Balances Current Account | 28.65 | 27.82 | 58.76 | 39.03 | - | 5.80 |
| | TOTAL | 87.44 | 59.95 | 75.00 | 52.67 | 10.81 | 16.22 |

Details of Standalone Short Term Loan and Advances as Restated
Annexure XVIII

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, 2017 | As at March 31, | | | | |
|--------|-------------------|---------------------|-----------------|----------|-------------|-------------|-------------|
| | | | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | VAT input credits | 3.76 | 16.85 | - | 1.73 | 7.71 | 3.92 |
| | TOTAL | 3.76 | 16.85 | - | 1.73 | 7.71 | 3.92 |

Details of Standalone Other Current Assets as Restated
Annexure XIX

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, 2017 | As at March 31, | | | | |
|--------|--------------------------------|---------------------|-----------------|-------------|----------|----------|----------|
| | | | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Short Term deposits with banks | - | - | 1.84 | - | - | - |
| | TOTAL | - | - | 1.84 | - | - | - |

Details of Standalone Revenue from Operations as Restated
Annexure XX

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, 2017 | As at March 31, | | | | |
|--------|------------------|---------------------|------------------|------------------|-----------------|-----------------|-----------------|
| | | | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Sale of Products | 12,619.49 | 15,463.86 | 12,536.60 | 8,420.83 | 5,777.41 | 4,847.52 |
| | TOTAL | 12,619.49 | 15,463.86 | 12,536.60 | 8,420.83 | 5,777.41 | 4,847.52 |

Details of Standalone Other Income as Restated
Annexure XXI

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, 2017 | As at March 31, | | | | |
|--------|---|---------------------|-----------------|--------------|----------|-------------|-------------|
| | | | 2017 | 2016 | 2015 | 2014 | 2013 |
| a) | Interest Income | | | | | | |
| | On Bank deposits | - | 0.31 | 0.11 | - | - | - |
| b) | Other Non-Operating Income (Net expenses thereof) | | | | | | |
| | Other Income-Trade discount & Rebate | 0.02 | 10.03 | 16.18 | - | 0.44 | 8.06 |
| | Net amount as per statement of P&L | 0.02 | 10.34 | 16.29 | - | 0.44 | 8.06 |

Details of Standalone Revenue Expenses as restated
Cost of Materials consumed details are as under

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|------------------|------------------|------------------|------------------|-----------------|-----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Opening Stock of Raw Materials, Packing Materials, etc | 6,736.59 | 3,316.54 | 2,316.31 | 1,542.53 | 1,096.59 | 903.03 |
| | Add: Purchases of Raw Materials, Packing Materials, etc | 11,788.66 | 17,345.77 | 12,240.18 | 8,515.50 | 5,609.64 | 4,468.16 |
| | Sub-Total | 18,525.25 | 20,662.31 | 14,556.49 | 10,058.03 | 6,706.23 | 5,371.19 |
| | Less: Closing stock of Raw Materials, Packing Materials, etc | 7605.34 | 6,736.59 | 3,316.54 | 2,316.31 | 1,542.53 | 1,096.59 |
| | Net Amount = As per Statement of P&L | 10,919.91 | 13,925.72 | 11,239.95 | 7,741.72 | 5,163.70 | 4,274.60 |
| | Employee benefit expenses details are as under | | | | | | |
| | Salary & Wages | 299.24 | 196.13 | 187.09 | 54.63 | 185.32 | 184.36 |
| | Contribution to PF and Other Funds | | | | | | |
| | Provided Fund | 10.55 | 12.79 | 3.43 | 5.00 | 1.60 | - |
| | ESI | 3.18 | 3.79 | 13.34 | 1.86 | 0.21 | 1.93 |
| | Gratuity Fund | - | 1.44 | - | - | - | - |
| | Staff Welfare Expenses | 4.24 | 26.69 | 1.52 | - | 10.49 | 4.30 |
| | Total Amount = AS per Statement of P & L | 317.21 | 240.84 | 205.38 | 61.49 | 197.62 | 190.59 |

Finance Cost details are as under

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|------------------|----------------|-----------------|---------------|---------------|---------------|---------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Interest expense | 335.24 | 390.37 | 362.80 | 248.08 | 150.02 | 122.39 |
| | Total | 335.24 | 390.37 | 362.80 | 248.08 | 150.02 | 122.39 |

Other Expenses details are as under

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|----------------------|----------------|-----------------|--------|-------|------|------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Payments to Auditor | | | | | | |
| | -For Audit | - | 0.05 | 0.05 | 0.04 | 0.02 | 0.03 |
| | -For Taxation | - | 0.15 | 0.15 | 0.12 | 0.10 | 0.10 |
| | -For Others | - | 0.05 | 0.05 | 0.04 | 0.02 | 0.03 |
| | Power and Fuel | 62.15 | 50.46 | 42.02 | 19.23 | 8.77 | - |
| | Rent | 18.00 | 208.36 | 154.03 | 37.83 | - | - |
| | Repairs | 23.20 | - | - | - | - | - |
| | Repairs to Machinery | 0.20 | 0.62 | 10.02 | 49.10 | 6.37 | - |

| | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Insurance | 4.84 | 3.92 | 3.54 | 7.48 | 1.58 | - |
| Rent Rates and taxes | 217.12 | - | - | - | - | - |
| Directors' remuneration | 18.00 | - | - | - | - | - |
| Miscellaneous expenses | 339.12 | 431.82 | 374.62 | 113.17 | 157.38 | 189.32 |
| Total | 682.63 | 695.43 | 584.48 | 227.01 | 174.24 | 189.48 |

Details of Related Party transactions as restated
Annexure XXII

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|--|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| 1 | Salary | | | | | | |
| | Key Management Personnel (KMP) | | | | | | |
| | Remuneration to Director | | | | | | |
| | Mr. K. Raja | 9.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| | Mr. InicoInbaraj | 9.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| | Total | 18.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| 2 | Transactions / Expenses incurred on behalf of Firms in which Directors and their relatives are interested | | | | | | |
| | <u>Purchases from</u> | | | | | | |
| | Golden Garments | | 3,161.89 | 2,662.57 | 1,033.79 | 806.61 | 942.44 |
| | Kanishkvisva Textiles | | 1,948.66 | 779.17 | 1,529.06 | 394.37 | 231.07 |
| | Sneha Apparels | | 1,089.85 | 0 | 1.37 | 252.61 | 123.18 |
| | Angel Apparels | | 799.48 | 731.08 | 1,276.87 | 1,731.31 | 1,363.21 |
| | Pommys Apparels | | 203.54 | 0 | 0 | 0 | 0 |
| | PommysReadymades | | 229.33 | 0 | 0 | 0 | 0 |
| | Total | | 7,432.75 | 4,172.82 | 3,841.09 | 3,184.9 | 2,659.9 |
| | <u>Sales to</u> | | | | | | |
| | Golden Garments | - | 3,062.76 | 4,484.70 | 1,065.96 | 776.59 | 670.18 |
| | Kanishkvisva Textiles | - | 3,023.68 | 843.00 | 1,449.69 | 1,107.27 | 94.26 |
| | Sneha Apparels | - | 1,077.91 | 644.04 | - | 70.16 | 207.08 |
| | Angel Apparels | - | 1,535.42 | 1,769.84 | 1,247.64 | 1,114.19 | 81.46 |
| | Pommys Apparels | - | 332.41 | - | - | - | - |
| | PommysReadymades | - | 300.83 | - | - | - | - |
| | Total | | 9333.01 | 7,741.58 | 3,763.29 | 3,068.21 | 1,052.98 |
| 3 | <u>Accounts Receivable Outstanding</u> | | | | | | |
| | Golden Garments | - | - | - | 0.41 | 0.17 | - |
| | Kanishkvisva Textiles | - | - | - | - | - | - |
| | Sneha Apparels | - | - | - | 0.34 | 1.01 | - |
| | Angel Apparels | - | - | 0.59 | 0.14 | 0.40 | 0.14 |
| | Pommys Apparels | - | - | - | - | - | - |

| | | | | | | | |
|----------|--|--------------|-------------|-------------|-------------|-------------|-------------|
| | PommysReadymades | - | - | - | - | - | - |
| | Total | - | - | 0.59 | 0.89 | 1.58 | 0.14 |
| 4 | <u>Accounts Payable Outstanding</u> | | | | | | |
| | Golden Garments | - | - | 0.13 | - | - | - |
| | Kanishkvisva Textiles | - | 1.36 | 0.31 | 0.82 | 1.22 | 0.19 |
| | Sneha Apparels | - | - | 0.22 | - | - | 0.33 |
| | Angel Apparels | - | - | - | - | - | - |
| | Pommys Apparels | - | - | - | - | - | - |
| | PommysReadymades | - | - | - | - | - | - |
| | Total | - | 1.36 | 0.66 | 0.82 | 1.22 | 0.52 |
| 5 | Directors' Remuneration Payable | | | | | | |
| | Mr. K. Raja | 8.10 | 3.00 | | | | |
| | Mr. InicoInbaraj | 8.10 | 3.00 | | | | |
| | Total | 16.20 | 6.00 | - | - | - | - |

Details of Significant accounting ratios restated

(₹ In lakhs)

Annexure XXIII

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|----------------|-----------------|----------|----------|----------|----------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Restated PAT as per P& L Account | 211.02 | 97.87 | 58.90 | 61.26 | 29.10 | 20.46 |
| | Restated Reserves | 1,529.33 | 1,311.83 | 604.83 | 497.48 | 369.22 | 233.07 |
| | Weighted Average Number of Equity Shares at the end of the Year | 1,72,37,290 | 10,28,864 | 4,80,488 | 4,19,796 | 3,54,330 | 2,29,330 |
| | No. of Shares outstanding at the year end | 1,72,37,290 | 1,72,37,290 | 5,04,020 | 4,28,770 | 3,54,330 | 2,29,330 |
| | Net Worth | 3,253.06 | 3,035.56 | 655.24 | 540.36 | 404.66 | 256.00 |
| | Earnings Per Share - Basic & diluted - in Rs. | 1.22 | 9.51 | 12.26 | 14.59 | 8.03 | 8.92 |

CAPITALISATION STATEMENT

(₹ In lakhs)

Annexure XXIV

| Particulars | Pre IPO as at 30/09/2017 | As adjusted for Bonus | Post IPO (Refer to Note 1 below) |
|---|--------------------------|-----------------------|----------------------------------|
| Borrowings: | | | |
| Short-term | 2,926.73 | - | 2,926.73 |
| Long Term (A) | 2,436.61 | - | 2,436.61 |
| Total Debt (B) | 5,363.34 | - | 5,363.34 |
| Shareholders' funds: | | | |
| Share Capital | 1,723.73 | - | 2,473.73 |
| Reserves and Surplus (Net of revaluation reserve) | 1,529.33 | - | 3,779.33 |
| | | - | |
| Total Shareholders Funds (C) | 3,253.06 | - | 6,253.06 |
| Long-term | 0.75 | - | 0.39 |

| | | | |
|-------------------------------------|------|---|------|
| borrowings/equity ratio (A/C) | | | |
| Total borrowings/equity ratio (B/C) | 1.65 | - | 0.86 |

STATEMENT OF TAX SHELTERS
Annexure XXV

(₹ In lakhs)

| Sr. No | Particulars | As at Sept 30, | As at March 31, | | | | |
|--------|---|------------------------|-----------------|---------------|---------------|---------------|--------------|
| | | 2017 | 2017 | 2016 | 2015 | 2014 | 2013 |
| | Profit before tax, As Restated (A) | 305.38 | 1153.21 | 999.69 | 661.25 | 440.72 | 30.54 |
| | Tax rate - statutory rate (B) | 33.09% | 333.06% | 330.90% | 330.90% | 330.90% | 330.90% |
| | Tax as per actual rate on profits (C = A*B) | 101.05 | 50.66 | 30.80 | 18.93 | 12.58 | 9.43 |
| | Adjustments | | | | | | |
| | Tax impact of permanent differences | | | | | | |
| | Total tax impact of permanent difference (D) | - | - | - | - | - | - |
| | Tax impact of timing differences | | | | | | |
| | Difference between tax depreciation & book depreciation | | 13.17 | 36.64 | | (2.88) | |
| | Provision for retirement benefits (Leave Encashment) | | | | | | |
| | Tax impact of restatement adjustments | - | 4.35 | 11.32 | - | (0.89) | - |
| | Total tax impact of timing difference (E) | - | 4.35 | 11.32 | - | (0.89) | - |
| | Net adjustments F=(D+E) | - | 4.35 | 11.32 | - | (0.89) | - |
| | Adjusted tax liability (C-F) | 101.05 | 46.31 | 19.48 | 18.93 | 13.47 | 9.43 |
| | Total tax as per return of income | To file after 31.03.18 | 46.78 | 19.48 | 18.93 | 13.47 | 9.46 |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our restated consolidated financial statements for the financial period ended September 30, 2017, the financial years ended March 2017, March 2016 and March 2015, respectively, prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI (ICDR) Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled "Financial Statements" beginning on page 122 of this Offer Document.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Draft Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or 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 the Companies Act, Indian GAAP and SEBI (ICDR) Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward-Looking Statements" beginning on pages 18 and 16, respectively, of this Offer Document.

The Management's Discussion and Analysis of Financial Condition and Results of Operations, reflects the analysis and discussion of our financial condition and results of operations for the financial period ended September 30, 2017 and for the financial years ended March 2017, 2016 and 2015.

Significant Developments Subsequent to the Last Financial Period

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Draft Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months.

Factors Affecting our Results of Operations

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factors*" beginning on page 18 of this Draft Prospectus. Our results of operations and financial conditions are affected by numerous factors including increase or decrease in the Cost of materials and labor, Competition from new and existing players, economic and demographic conditions etc.

Discussion on Result of Operations

The following discussion on results of operations should be read in conjunction with the restated consolidated financial statements for the financial period ended September 30, 2017 and the financial years ended March 2017, March 2016 and March 2015.

Overview of Revenue & Expenditure

Amount (₹ In Lakhs)

| Particulars | September 30, 2017 | For the Year Ended March 31, | | | |
|--|--------------------|------------------------------|------------------|-----------------|-----------------|
| | | 2017 | 2016 | 2015 | 2014 |
| INCOME | | | | | |
| Revenue from Operations | 12,619.49 | 15,463.86 | 12,536.60 | 8,420.83 | 5,777.41 |
| As a % of Total Revenue | 100.00 | 99.93 | 99.87 | 100.00 | 99.99 |
| Other Income | 0.02 | 10.34 | 16.29 | - | 0.44 |
| As a % of Total Revenue | - | 0.07 | 0.13 | - | 0.01 |
| Total Revenue (A) | 12,619.51 | 15,474.20 | 12,552.89 | 8,420.83 | 5,777.85 |
| Growth % | - | 23.27 | 49.07 | 45.74 | 18.99 |
| EXPENDITURE | | | | | |
| Cost of Material Consumed | 10,919.91 | 13,925.72 | 11,239.95 | 7,741.72 | 5,163.70 |
| As a % of Total Revenue | 86.53 | 89.99 | 89.54 | 91.94 | 89.37 |
| Employee benefit Expenses | 317.21 | 240.84 | 205.38 | 61.49 | 197.62 |
| As a % of Total Revenue | 2.51 | 1.56 | 1.64 | 0.73 | 3.42 |
| Finance costs | 335.24 | 390.37 | 362.8 | 248.08 | 150.02 |
| As a % of Total Revenue | 2.66 | 2.52 | 2.89 | 2.95 | 2.60 |
| Depreciation expense | 59.14 | 68.63 | 60.58 | 81.28 | 51.55 |
| As a % of Total Revenue | 0.47 | 0.44 | 0.48 | 0.97 | 0.89 |
| Other Expenses | 682.63 | 695.43 | 584.48 | 227.01 | 174.24 |
| As a % of Total Revenue | 5.41 | 4.49 | 4.66 | 2.70 | 3.02 |
| Total Expenses (B) | 12,314.13 | 15,320.99 | 12,453.19 | 8,359.58 | 5,737.13 |
| As a % of Total Revenue | 97.58 | 99.01 | 99.21 | 99.27 | 99.30 |
| Profit before exceptional extraordinary items and tax | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 |
| As a % of Total Revenue | 2.42 | 0.99 | 0.79 | 0.73 | 0.70 |
| Exceptional items | - | - | - | - | - |
| Profit before extraordinary items and tax | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 |
| As a % of Total Revenue | 2.42 | 0.99 | 0.79 | 0.73 | 0.70 |
| Extraordinary items | - | - | - | - | - |
| Profit before tax | 305.38 | 153.21 | 99.70 | 61.25 | 40.72 |
| PBT Margin | 2.42 | 0.99 | 0.79 | 0.73 | 0.70 |
| Total Tax Expense | 94.36 | 56.79 | 40.79 | - | 11.61 |
| Profit for the year/ period | 211.02 | 96.42 | 58.91 | 61.25 | 29.1 |
| PAT Margin % | 1.67 | 0.62 | 0.47 | 0.73 | 0.50 |

REVIEW OF SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2017

During March 2017, the company has taken over the business of four partnership firms wherein the promoters and their relatives were partners. Consequently from April 1, 2017, the business carried on by those partnership firms has since been included in the business of the company. Further during the current financial year the company has opened 19 additional stores. This has also led to an increase in the turnover of the company.

INCOME

Income from Operations

Our income from operations was ₹ 12,619.48 Lakhs for the period of six months ended on September 30, 2017.

EXPENDITURE

Direct Expenditure

Our direct expenditure was ₹ 10,919.90 Lakhs which is 86.54 % of our total revenue for the period of six months ended September 30, 2017. The direct material expenditure includes cost of materials consumed, purchase of stock in trade and changes in inventories of finished goods, work in progress and stock in trade.

Employee Benefits Expenses

Our employee benefits expenses were ₹ 317.21 Lakhs which was 2.5 % of our total revenue for the period of six months ended September 30, 2017 and comprised of, salaries and wages expenses, incentives to staff, contributions towards , provident fund , other employee benefits expenses, etc.

Finance Cost

Our finance cost was ₹ 335.24 Lakhs which is 2.65 % of our total revenue for the period of six months ended September 30, 2017.

Depreciation

Depreciation expenses were ₹ 59.14 Lakhs which is 0.46 % of our total revenue for the period of six months ended September 30, 2017.

Other Expenses

Our other expenses were ₹ 682.62 Lakhs which is 5.41 % of our total revenue for the period of six months ended September 30, 2017. The other expenses include expense towards rent payable, vehicle maintenance, advertisement etc.

Net Profit

Our Net Profit After Tax was ₹ 211.02 Lakhs which is 1.67 % of our total revenue for the period of six months ended September 30, 2017.

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2017 WITH FINANCIAL YEAR ENDED MARCH 31, 2016

INCOME

Income from Operations

The operating income of the Company for the year ending March 31, 2017 is ₹ 15,463.86 Lakhs as compared to ₹ 12,536.60 Lakhs for the year ending March 31, 2016, showing an increase of around 23%. This is was due to the increase in the existing business of the company and also due to the fact that 8 new shops were opened by the group entities and they sourced goods from the company. In addition the company also started dealing in Men's shirts which increased the sales during the year

Other Income

Our other income decreased from ₹ 16.29 Lakhs for year ending March 31, 2016 to ₹ 10.34 Lakhs in year ending March 31, 2017. This was due to decrease in the interest on bank deposits during the period under review.

EXPENDITURE

Direct Expenditure

Our direct expenditure has increased from ₹ 11,239.95 Lakhs in Financial Year 2015-16 to ₹ 13,925.71 Lakhs in Financial Year 2016-17 which commensurate with the increase in turnover of the company

Administrative and Employee Costs

There has been an increase in the employee benefit expenses from ` Rs.205.38 Lakhs in financial year 2015-16 to ₹ 240.84 Lakhs in financial year 2016-17 which is due to an increase in salaries and wages to staff and workers and also due to an increase in the bonus payable to the employees. . Our other expenses increased from ₹ 584.48 Lakhs in financial year 2015-16 to ₹ 695.43 Lakhs in financial year 2016-17. The increase is due to an increase in the rent paid for the increased number of outlets and increase in the miscellaneous expenses which includes bank charges, travelling expenses, discount allowed, vehicle maintenance etc)

Finance Charges

Our finance charges have increased from ₹ 362.80 Lakhs in financial year 2015-16 to ₹ 390.37 Lakhs in financial year 2016-17. This was due to increase in the long term borrowings of the company. Consequent to the takeover of the business of the partnership concerns, the working capital loans in the said concerns were transferred to the books of the company.

Depreciation

Depreciation expenses for the Financial Year 2016-17 have increased to ₹ 68.63 Lakhs as compared to ₹ 60.58 Lakhs for the Financial Year 2015-16. This increase is due to increase in the fixed assets of the company. During the year under review, there has been an increase to the gross block fixed assets with buildings and vehicles by ₹ 575 lakhs and ₹ 147 lakhs respectively which was on account of the assets of the partnership concerns taken over by the company.

Profit after Tax

Our profit after tax increased from ₹ 58.90 Lakhs in financial year 2015-16 to ₹ 96.42 Lakhs in financial year 2016-17 due to economies of scale consequent to overall increase in business operations of the Company.

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

INCOME

Income from Operations

The operating income of the Company for the financial year 2015-2016 was ₹ 12,536.60 Lakhs as compared to ₹ 8,420.83 Lakhs for the financial year 2014-2015, showing an increase of around 48 %. The overall increase was due to opening of 16 new outlets by the company thereby increasing the turnover. Further during the same period the company increased the supply of its products to other wholesale and readymade retail outlets in Tamil Nadu. This also contributed to the increase in turnover of the company.

Other Income

Our other income was ₹ 16.29 Lakhs for the period under review as against nil income for the previous year. This other income was out of income earned on bank deposits.

EXPENDITURE

Direct Expenditure

Our direct expenditure has increased from ₹ 7,741.72 Lakhs in Financial Year 2014-15 to ₹ 11,239.95 Lakhs in Financial Year 2015-16 showing an increase over the previous year. The increase is primarily on account of increase in sales by 48% over the previous year.

Administrative and Employee Costs

There has been a sharp increase in employee benefit expenses from ₹ 61.49 Lakhs in financial year 2014-15 to ₹ 205.38 Lakhs in financial year 2015-16 which is due to increase in salary costs. Due to increase in number of outlets there was increase in the number of employees also hence there was increase in employee cost

Our other expenses increased from ₹ 227.01 Lakhs in financial year 2014-15 to ₹ 584.48 Lakhs in financial year 2015-16. The increase is due to an increase in the rent paid (due to increase in retail outlets established at rented buildings) and miscellaneous expenses which includes expenses incurred for advertisement shooting as well as telecast expenses in reputed TV Channels for the opening of 16 numbers of retail outlets. During the period under review the company has spent an amount of ₹ 201.28 lakhs towards advertising expenses.

Finance Charges

Our finance charges have increased from ₹ 248.08 Lakhs in financial year 2014-15 to ₹ 362.80 Lakhs in financial year 2015-16. This was due to increase in the working capital loans which were warranted consequent to the increase in the business.

Depreciation

Depreciation expenses for the Financial Year 2015-16 have decreased to ₹ 60.58 Lakhs as compared to ₹ 81.28 Lakhs for the Financial Year 2014-15. This is due to decrease in the written down value of the assets of the company and the company adopted depreciation rate as per Companies Act from the year 2015-16 onwards.

Profit after Tax

Our profit after tax increased from ₹ 61.25 Lakhs in financial year 2014-15 to ₹ 78.35 Lakhs in financial year 2015-16. The increase in profits was due to increase in Turnover

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2014

INCOME

Income from Operations

The operating income of the Company for the year ending March 31, 2015 was ₹ 8,420.83 Lakhs as compared to ₹ 5,777.41 Lakhs for the year ending March 31, 2014. During the year under review the company opened 6 new outlets for sale of its products which has led to an increase in the turnover of the company and also there was an increase in turnover of sale of and readymade garments to other textile shops in Tamil Nadu.

EXPENDITURE

Direct Expenditure

Our direct expenditure has increased from ₹ 5,163.70 Lakhs in Financial Year 2013-2014 to ₹ 7,741.72 Lakhs in Financial Year 2014-2015. The increase is with the increase in the turnover of the company.

Administrative and Employee Costs

There is a sharp decrease in employee benefit expenses from ₹ 197.62 Lakhs in financial year 2013-14. This was because the job work charges incurred during the period was included in the employee benefit expenses

Our other expenses increased from ₹ 174.24 Lakhs in financial year 2013-14 to ₹ 227.01 Lakhs in financial year 2014-15. This increase could be attributed to addition of Rent expenses consequent to opening of 6 new outlets during the period under review and increase in repairs to machinery

Finance Charges

Our finance charges have increased from ₹ 150.02 Lakhs in financial year 2013-14 to ₹ 248.08 Lakhs in financial year 2014-15. This was due to higher working capital limits availed by the Company to meet working capital requirements. Also during the period under review the long term borrowings increased from ₹ 790.26 lakhs to ₹ 1,050.04 lakhs.

Profit after Tax

Our profit after tax increased from ₹ 29.10 Lakhs in financial year 2013-14 to ₹ 61.25 Lakhs in financial year 2014-15 due to increase in turnover

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 "Risk Factors" beginning on page 18 of this Offer Document 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.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as disclosed in the "Risk Factors" beginning on page 18 of this Offer Document 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

Our Company's future costs and revenues will be determined by demand/supply situation, government policies, global market situation and prices of raw material.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

The increase in revenue is by and large linked to increases in volume of business activity by the Company.

6. Total turnover of each major industry segment in which the issuer company operates.

The Company is operating in the Textile Industry. Relevant industry data, as available, has been included under section titled "Industry Overview" beginning on page 72 of this Offer Document.

7. Status of any publicly announced new products/projects or business segments

Our Company has not announced any new projects or business segments, other than disclosed in the Offer Document.

8. The extent to which the business is seasonal

Our Company's business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers

Our Company is not dependent on a single or few suppliers or customers.

10. Competitive Conditions

We face competition from existing and potential organized and unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in section titled "Our Business" beginning on page 83 of this Draft Prospectus.

Changes in Accounting Policies in last three (3) years

There has been no other change in accounting policies in the last three years except for method of computing depreciation from WDV to SLM. However, the effect of the above change has been given in the restated financial statements from the earliest period reported. For further details, please refer to section titled "Financial Statements" beginning on page 122 of this Offer Document.

FINANCIAL INDEBTEDNESS

Our Company avails loans in the ordinary course of business for the purposes of working capital and term loan requirements. As on September 30, 2017, the overall borrowings of our Company are as follows:

| Sr. No | Category of borrowing | Amount in ₹ Lakhs |
|--------|-----------------------|-------------------|
| 1. | Fund Based | 5,791.18 |

Details of Fund Based Borrowings are as under:

| Name of the Lender | Purpose | Amount Sanctioned (₹ in Lakhs) | Amount O/S as on 30-09- 2017 (Rs in Lakhs) | Interest p.a. | Repayment |
|------------------------|-----------------|--------------------------------|--|---------------|------------|
| KVB - Regular Limit | Working Capital | 2,600.00 | 2,926.73 | 13.75% | On Demand |
| KVB - Adhoc Limit | Working Capital | 300.00 | | | |
| KVB T/L -145 | Building | 20.00 | 18.05 | 11.85% | 72 months |
| KVB T/L -160 | Building | 20.00 | 18.05 | 11.85% | 72 months |
| KVB T/L -1881 | Machinery | 23.00 | 18.35 | 11.85% | 23 months |
| KVB T/L -1900 | Machinery | 10.00 | 8.64 | 11.85% | 32 months |
| KVB T/L -222 | Car Purchase | 34.00 | 29.76 | 11.85% | 38 months |
| KVB T/L -403 | Working Capital | 1,650.00 | 1,596.70 | 12.00% | 120 months |
| KVB T/L -798 | Machinery | 1.00 | 0.82 | 11.85% | 26 months |
| KVB T/L -817 | Genset | 1.00 | 0.37 | 11.85% | 15 months |
| KVB T/L -832 | Interior | 87.00 | 79.50 | 11.85% | 52 months |
| KVB T/L -857 | Interior | 67.00 | 57.23 | 11.85% | 35 months |
| KVB T/L -875 | Interior | 43.00 | 36.87 | 11.85% | 36 months |
| KVB T/L -890 | Interior | 3.00 | 1.37 | 11.85% | 13 months |
| KVB T/L -916 | Interior | 86.00 | 79.33 | 11.85% | 51 months |
| KVB T/L -934 | Interior | 93.00 | 85.69 | 11.85% | 49 months |
| KVB T/L -959 | Interior | 75.00 | 70.99 | 11.85% | 69 months |
| KVB T/L -974 | Interior | 75.00 | 70.99 | 11.85% | 69 months |
| KVB T/L -017 | Car Purchase | 42.97 | 27.01 | 11.85% | 72 months |
| KVB T/L -028 | Car Purchase | 22.50 | 12.26 | 10.35% | 60 months |
| KVB T/L -188 | Car Purchase | 26.00 | 23.76 | 9.00% | 84 months |
| KVB T/L -535 | WCL | 132.00 | 57.25 | 12.10% | 53 months |
| KVB T/L -572 | Machinery | 116.00 | 49.26 | 12.10% | 53 months |
| KVB T/L -583 | Interior | 162.00 | 91.88 | 12.10% | 60 months |
| ADITYA BIRLA FINANCE | Working Capital | 50.00 | 44.68 | 18.00% | 24 months |
| AXIS BANK - T/L | Bus Purchase | 12.46 | 2.07 | 10.83% | 60 months |
| AXIS BANK - T/L | Bus Purchase | 12.46 | 2.07 | 10.83% | 60 months |
| BAJAJ FINANCE LTD | Working Capital | 30.30 | 27.70 | 18.50% | 36 months |
| ESFB LTD - EQUITAS | Working Capital | 50.00 | 44.90 | 19.07% | 36 months |
| INDIA INFOLINE FIN LTD | Working Capital | 50.00 | 45.74 | 19.00% | 36 months |
| KOTAK MAHINDRA - T/ L | Car Purchase | 44.90 | 41.34 | 9.00% | 84 months |
| KOTAK MAHINDRA - T/ L | Car Purchase | 38.09 | 35.08 | 9.00% | 84 months |
| SHRIRAM CITY FIN LTD | Working Capital | 30.00 | 29.35 | 20.00% | 36 months |
| TATA CAPITAL LIMITED | Working Capital | 25.00 | 21.52 | 19.30% | 24 months |
| NEO GROWTH - 1 | Working Capital | 120.00 | 108.68 | 19.00% | 540 days |
| NEO GROWTH - 2 | Working Capital | 30.00 | 27.17 | 19.00% | 540 days |
| | | 6182.68 | 5,791.18 | | |

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding (I) criminal proceedings, (II) actions taken by statutory or regulatory authorities, (III) claims related to direct and indirect taxes, (IV) material litigation, in each case involving our Company, Promoters, Group Companies or Directors (the “Relevant Persons”), and (V) material dues to creditors by our Company.

For the purpose of (IV) above, our Board in its meeting held on 03rd January 2018, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board:

- (a) any outstanding legal proceeding involving the Relevant Persons which involve an amount exceeding 1% of the profit after tax of the Company as per restated financial statement for the last completed fiscal, which amounts to ₹ 0.98 million, have been considered material for the purposes of disclosure in this section based on the policy approved by our Board; and*
- (b) any legal proceeding involving the Relevant Parties where the outcome of such legal proceedings may have a bearing on the business, operations or prospects or reputation of the Company.*

Further, legal notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/ tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum, and accordingly have not been disclosed, if any, in this section.

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Directors and our Promoter and there are no defaults, over-dues to banks/financial institutions, defaults against banks/financial institutions, no amounts owed to small scale undertakings exceeding ₹ 1 lakhs, which is outstanding for more than 30 days, no proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, our Promoter and our Directors.

Further, except as stated in this section, there are no (i) inquiries, inspections or investigations initiated or conducted under the Companies Act 2013 or the Companies Act 1956 as amended against our Company in the five years preceding the date of this Draft Prospectus, (ii) fines imposed or compounding of offences against our Company, in the five years preceding the date of this Draft Prospectus (iii) material frauds committed against our Company in the five years preceding the date of this Draft Prospectus; (iv) proceedings initiated against our Company for economic offences; (v) litigation or legal action pending or taken by any Ministry or department of the Government or a statutory authority during the last five years immediately preceding the date of this Draft Prospectus against any of our Promoters, (vi) outstanding litigation involving any other person, outcome of which could have a material adverse effect on the position of our Company.

For the purpose of (V) above, our Board in its meeting held on 03rd January 2018 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of the materiality policy, any outstanding dues (trade payables) which exceed five percent of the total dues (trade payables) owed by our Company as per restated financial statement for the last completed fiscal shall be considered as material. During fiscal 2017, our total trade payables was ₹ 56.54 million and accordingly, any outstanding dues exceeding ₹ 2.83 million has been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a small-scale undertaking (“SSU”) or a micro, small or a medium enterprise (“MSME”), the disclosure is based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Auditors.

I. Litigation involving Our Company

a. Litigation against our Company

Criminal Litigation against Our Company

There are no criminal proceedings pending against our Company.

Civil Litigation against Our Company

There are no civil proceedings pending against our Company.

Tax Proceedings

There are no tax proceedings pending against our Company.

b. Litigation by our Company

Criminal Litigation initiated by Our Company

The Company has filed four cases under section 135, 145 of the Negotiable Instruments Act, 1881 and section 406, 420 of the Indian Penal Code against the following plaintiffs before the Hon'ble Criminal Judicial Magistrate Court, Rajapalayam for dishonoring the cheques given by the respective plaintiffs as per the details given below: -

| Sr. No. | Case No. | Filed on | Name of the Plaintiff | Amount involved Rs. | Jurisdiction | Last hearing | Status |
|---------|----------|------------|--|---------------------|--|--------------|-------------------------------------|
| 1 | 344/2015 | 30.09.2015 | Mrs.Nooria Representing Arasan Textiles & Readymades, Asthinapuram, Chennai | 30,000 | Hon'ble Criminal Judicial Magistrate Court Rajapalayam | 08.11.2017 | Pending. Next Hearing on 12.04.2018 |
| 2 | 346/2015 | 30.09.2015 | Mrs.Nooria Representing Arasan Textiles & Readymades, Asthinapuram, Chennai | 18,952 | Hon'ble Criminal Judicial Magistrate Court Rajapalayam | 08.11.2017 | Pending. Next Hearing on 12.04.2018 |
| 3 | 345/2015 | 30.09.2015 | Mr.A.S.K.Ashraf Ali representing Maharaja Redymades, Gudiyatham | 25,000 | Hon'ble Criminal Judicial Magistrate Court Rajapalayam | 08.11.2017 | Pending. Next Hearing on 12.04.2018 |
| 4 | 238/2015 | 16.03.2015 | Mrs. Charumathi, Representing Sri Amman Textiles & Redymades Thiruvallore, Chennai | 80,141 | Hon'ble Criminal Judicial Magistrate Court Rajapalayam | 12.10.2017 | Pending. Next Hearing on 11.04.2018 |

Civil/Other Litigation initiated by Our Company

There are no civil/other proceedings initiated by our Company.

II. Litigation involving Our Promoters

Civil/Criminal Litigation against our promoters - Nil

Civil/Criminal Litigation by our promoters - Nil

Tax proceedings involving our promoters - Nil

Other pending litigation involving our promoters - Nil

III. Litigation involving our Directors

Civil/Criminal Litigation against our Directors - Nil

Civil/Criminal Litigation by our Directors - Nil

Tax proceedings involving our Directors - Nil

Other pending litigation involving our Directors - Nil

IV. Litigation involving our Key Managerial Personnel (KMP)

Criminal proceedings against our KMP

A Criminal case has been filed against our Company Secretary Mr. Rajagopalan Venkatakrishnan, under section 304(A) of Indian Penal Code on 14.02.2012 before the Hon'ble Judicial Magistrate Tirunelveli No. V by the Inspector of Police, Manur P.S in connection with a wrongful death of an employee at the Company in which our company secretary was employed earlier (Tri Star HortiTech) as Admin Manager. The matter was last heard on 28 November 2017 and the next hearing is scheduled to be held on 10 April 2018.

Civil Litigation against our KMP - Nil

Tax proceedings involving our KMP - Nil

Other pending litigation involving our KMP - Nil

V. Litigation involving our Group Companies

Civil/Criminal Litigation against our Group Companies - Nil

Civil/Criminal Litigation by our Group Companies - Nil

Tax proceedings involving our Group Companies: Nil

Other pending litigation involving our Group Companies - Nil

VI. Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

VII. Inquiries, inspections or investigations under Companies Act

There were no inquiries, inspection or investigations initiated against our Company under the Companies Act or any previous company law against our Company in the past five years.

VIII. *Fines imposed or compounding of offences*

There are no rectification/ compounding applications which have been filed by our Company or our Group Companies' in the last five years.

IX. *Litigation or legal action against our Company/Promoters taken by any Ministry, Department of Government or any statutory authority*

Except as disclosed above, there is no litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Company/ Promoters during the last five years immediately preceding the year of the issue of this Draft Prospectus.

X. *Defaults and non-payment of statutory dues*

There are no instances of defaults, dues payable to holders of any debentures (including interest) or dues in respect of deposits (including interest) or any defaults in repayment of loans from any bank or financial institution (including interest) by our Company. Further our company has created suitable provisions in the books of accounts for any outstanding claims from statutory authority for non-payment of statutory dues; please see the section entitled "Financial Statements" on page 122.

XI. *Material Frauds*

There are no material frauds committed against our Company, in the last five fiscals.

XII. *Material developments since March 31, 2017*

Other than as disclosed in this Draft Prospectus, in the opinion of the Board, there has not arisen, since the date of the last balance sheet included in this Prospectus, any circumstance that materially and adversely affects or is likely to affect the trading or profitability of our Company taken as a whole or the value of our consolidated assets or our ability to pay our liabilities over the next 12 months.

XIII. *Outstanding dues to Creditors*

All creditors of the Company to whom the amount due by the Company exceeds 5% of the total trade payables of the Company as on March 31, 2017, on a consolidated basis based on the Restated Financial Statements, shall be considered material.

There were no material dues owed to small scale undertakings and other creditors as at March 31, 2017.

GOVERNMENT AND OTHER APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from various governmental agencies and other statutory and/ or regulatory authorities required for carrying out our present business activities and except as mentioned below, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Draft Offer Letter and in case of licenses and approvals which have expired, we have either made an application for renewal or are in the process of making an application for renewal or we have sought a clarification from the relevant statutory and/or regulatory authorities in relation to the applicability of the approval. For details of risk associated with not obtaining or delay in the obtaining the requisite approvals, see “Risk Factors - Our business operates under a regulatory regime and we are required to obtain certain approvals, registrations, consents and licenses from several statutory and regulatory authorities in India, in the ordinary course of business. As on date of this Draft Prospectus, certain approvals and licenses have expired/ not applied/ pending renewal and in the event, we are unable to obtain these approvals, our business could be adversely affected” on page 18. For further details in connection with the applicable regulatory and legal framework, see “Key Industrial Regulations” on page 94.

In relation to certain of our stores and factories which are material from the perspective of our business operations, we have also disclosed below (i) the material approvals applied for, including renewal applications made, but not received; and (ii) the material approvals which are required but not obtained or applied for.

Approvals with respect to Pommys Garments (India) Limited.

I. Incorporation details of our company

- a. Certificate of incorporation dated December 23, 2009 issued by the Registrar of Companies, Tamil Nadu.
- b. Fresh Certificate of Incorporation dated November 09, 2017 issued by the Registrar of Companies, Tamil Nadu to our company consequent upon change of name on conversion to Public Limited.
- c. Our Company was allotted as Corporate Identity Number U18101TN2009PLC073775.

II. Approvals for the Issue

- a. Board resolution dated 15 December 2017 and the Shareholder’s resolution dated 30 December 2017 approving the Issue;
- b. In-principle approval from Stock Exchange dated [●];

III. Approvals under tax laws of our Company

- a. Permanent account number AAFCP2467G issued by the Income Tax Department under the Income Tax Act, 1961.
- b. Tax deduction account number MRIP02566E issued by the Income Tax Department under the Income Tax Act, 1961.
- c. Goods and service tax registration Number 33AAFCP2467GIZI for our place of business in Tamil Nadu and 34AAFCP2467G1ZG for our place of business in Puducherry under the Goods and Service Tax Act, 2017. Our Company has made an application for amending the name of the Company in the GST portal for the GST number issued for its place of business in Puducherry.

IV. Approvals in relation to the business operations of our Company

Our Company requires various approvals and/or licenses under various Rules and Regulations to conduct our business. Following are the business approvals with the Company:

1. Approvals issued to the Company:

- a. Udyog Aadhar Registration Number TN32B007902 issued by the Ministry of Micro, Small and Medium Enterprises
- b. Certificate of Importer and Exporter Code Number 3509008162 issued by the Joint Director General of Foreign Trade. Our company has made an application on 24 February 2018 to amend the name of the Company reflected in the license after conversion to a public company from a Private Company.

2. Approvals in relation to our Shops:

- a. Shops and establishments registrations under the applicable provisions of the Tamil Nadu Shops and Establishment Act, 1947 and the Pondicherry Shops and Establishment Act, 1964 wherever applicable, issued by the Ministry or Department of Labour of relevant State Government. These licenses are periodically renewed.
- b. Trade licenses under the applicable provisions of the municipal legislation of the municipality of the relevant city, wherever applicable, issued by the relevant municipality. These licenses are periodically renewed.
- c. No objection certification from the relevant fire and Rescue authorities in the State, wherever applicable.

3. Approvals in relation to our manufacturing facilities located in Tamil Nadu:

- a. License to work a factory issued by the Joint Director, Department of Occupational Safety and Health, Sivakasi under Factories Act, 1948.
- b. Registration issued by the inspector of Legal Metrology of the State under Legal Metrology Act, 2009.
- c. No objection certification from the relevant fire and emergency authorities in the State.
- d. License under Food Safety Standards Act, 2006 for running of Super Market and Canteen within the Factory Premises issued by Designated Officer, State Food Safety Wing.

4. Employee and labour related approvals

- a. Registration issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- b. Registration for employees' insurance issued by the Regional Office, Employees State Insurance Corporation of the State under the Employees' State Insurance Act, 1948.

5. Approvals applied for but not received

- a. Trade license from respective municipality for our 30 stores located in various areas in Tamil Nadu.
- b. Change of name in the license issued to our shops to Pommy Garments (India) Limited which was earlier issued in the name of partnership firms which were recently acquired by the Company (refer to the details of acquisitions in 'History and Corporate Matters' on page 98).
- c. Professional tax registration from Municipal Corporation or panchayat for our 19 stores and 3 factories.
- d. Shops and establishments registrations from department of labor of relevant State Government for our 19Stores.
- e. Renewal of License to work a factory issued to our main factory in Dhalavaipuram, Tamil Nadu from the Deputy Chief Inspector of Factories, Government of Tamil Nadu under Factories Act, 1948.
- f. License to work a factory for 4 of our small factories situated across Tamil Nadu from the Deputy Chief Inspector of Factories, Government of Tamil Nadu under Factories Act, 1948.

V. Intellectual Property

1. Trademark:

Our Company has obtained registrations under the Trademark Act, 1999 for the following name and brands:

| Sr. No | Trademark | Trademark No | Class | Certificate No | Valid upto |
|--------|-----------|--------------|-------|----------------|--------------|
| 1 | POMMYS | 2351020 | 43 | 1148983 | 20 June 2022 |
| 2 | POMMYS | 2351016 | 24 | 1148274 | 20 June 2022 |
| 3 | POMMYS | 2351019 | 41 | 1476860 | 20 June 2022 |

Additionally, our Company has made applications for other trademarks including 'FITNEA', 'FEMINEO', 'LENARD BURG' and 'RED SHIELD'. These applications are at various stages in the registration process.

2. Copy right:

Our Company has made an application for obtaining copyright registration for its artistic label "POMMYS" under Copyright Act, 1957.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board has, pursuant to its resolution dated 15 December, 2017, authorized the Issue, subject to the approval of the Equity Shareholders of our Company under Section 62(1)(c) of the Companies Act and our Equity Shareholders have, pursuant to a resolution dated 30 December, 2017, under Section 62(1)(c) of the Companies Act, authorized the Issue.

In-principle Listing Approvals

Our Company has obtained in- principle approval from National Stock Exchange of India Limited (NSE) vide letter dated [●] to use the name of NSE in this Issue Document for listing of equity shares on the SME platform of the NSE Emerge. NSE Emerge is the Designated Stock Exchange.

Prohibition by SEBI, the RBI or Governmental Authorities

None of our Company, our Promoter, our Promoter Group, our Directors, and persons in control of our Company are or have ever been prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI or any other governmental authorities. Neither our Promoter, nor any of our Directors or persons in control of our Company were or are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

None of our Directors are in any manner associated with the securities market and there is or has been no action taken by the SEBI against our Directors or any entity in which our Directors are involved in as promoter or directors.

Neither our Company, nor our Promoter, nor our Directors, nor the relatives (as per the Companies Act) of our Promoter, are or have been detained as wilful defaulters by the RBI or any other governmental authorities.

Eligibility for the Issue

Our Company is an unlisted issuer in terms of the SEBI ICDR Regulation and this Offer is an initial public offer in terms of the SEBI ICDR Regulations.

This Offer is being made in terms of Regulation 106 (M) (2) of Chapter XB of the SEBI ICDR Regulations, 2009, as amended from time to time, whereby, an issuer whose post offer face value capital does not exceed twenty-five crore rupees, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange"), in this case being the SME Platform of NSE Emerge.

We confirm that:

- a) In accordance with Regulation 106 (P) of the SEBI ICDR Regulations, this Offer has been hundred percent underwritten and that the Lead Manager to the Offer have underwritten more than 15% of the total Offer Size. For further details pertaining to the said underwriting please refer to section titled "General Information – Underwriting" beginning on page 45 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 Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under 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) the SEBI ICDR Regulation, we have not filed any Draft Prospectus with SEBI nor has SEBI issued any observations on our Draft Prospectus. Also, we shall ensure that our Lead Manager submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, we have entered into an agreement with the Lead Managers and Market Maker to ensure compulsory Market Making for a minimum period of three years from the date of listing of equity shares offered in this 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 158 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 Company has a record of 3 (three) years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 (two) financial years preceding the application and the net worth of the Company is positive.
- f) As on the date of this Draft Prospectus, our Company has a paid up capital of ₹ 1,723.73 Lakhs and the post issue capital will be of ₹ 2473.73 Lakhs.
- g) Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- h) There is no winding up petition against the company, which has been admitted by the court or a liquidator has not been appointed.
- i) There has been no change in the Promoter(s) of the Company in the preceding one year from date of filing application to the Stock Exchange or listing on the SME segment.
- j) Our company shall mandatorily facilitate trading in demat securities and enter into an agreement with CDSL and NSDL.
- n) We have a website: www.pommys.in

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT PROSPECTUS. THE LEAD MANAGER, BEING KEYNOTE CORPORATE SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT PROSPECTUS 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 THIS DRAFT PROSPECTUS, THE LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] WHICH READS AS FOLLOWS:

WE, THE LEAD MANAGER TO THE ISSUE, STATE AND CONFIRM AS FOLLOWS:

- (1) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE.**
- (2) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (A) **THE DRAFT PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED / ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

(C) THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, TO THE EXTENT NOT REPLACED BY THE COMPANIES ACT, 2013, THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE

WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS / PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS .

(5) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT PROSPECTUS / PROSPECTUS – COMPLIED WITH AND NOTED FOR COMPLIANCE

(6) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE

(7) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE OBJECTS LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE.

(8) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE.

(9) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE OFFER ARE TO BE ISSUED IN DEMATERIALIZED MODE ONLY.

- (10) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (11) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT PROSPECTUS:
- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE (1) DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY AND
- (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (12) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE
- (13) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
- (14) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- (15) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR DATED SEPTEMBER 27, 2011.
- (16) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY OF THIS DRAFT PROSPECTUS AS CERTIFIED BY M/S. K R A & CO., CHARTERED ACCOUNTANTS, FIRM REGISTRATION NUMBER 020266N BY WAY OF ITS CERTIFICATE DATED DECEMBER 10, 2017.

THE FILING OF THIS DRAFT PROSPECTUS DOES NOT, HOWEVER, ABSOLVE ANY PERSON WHO HAS AUTHORISED THE ISSUE OF THIS DRAFT PROSPECTUS FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT PROSPECTUS.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30 of the Companies Act, 2013.

ADDITIONAL CONFIRMATIONS/ CERTIFICATIONS TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH DRAFT PROSPECTUS REGARDING SME EXCHANGE

1. WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
2. WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE DRAFT PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE OFFER UP TO THE

COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS OFFER SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-OFFER ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE OFFER HAVE BEEN GIVEN.

- 3. WE CONFIRM THAT THE DRAFT PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE**
- 4. WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER. –NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISOR TO SUB- REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009; CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE DRAFT PROSPECTUS.**
- 6. WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.**

Disclaimer clauses from our Company and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.pommys.in would be doing so at his or her own risk.

The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Issue will be required to confirm and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not issue, sell, pledge, or transfer the Equity Shares of our Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

The Lead Manager and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer with respect to jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not competent to contract within the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts registered under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies, permitted provident fund and pension funds, insurance funds set up and managed by the army and navy of the Union of India and insurance funds set up and managed by the Department of Posts, India) and to FPIs, FIIs, Eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Prospectus does not, however, constitute an invitation to purchase shares offered

hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of the Issue will be subject to the jurisdiction of appropriate court(s) in [●] only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Accordingly, the Equity Shares are being offered and sold (a) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Draft Prospectus as “U.S. QIBs” pursuant to the private placement exemption set out in Section 4(a)(2) of the Securities Act; for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Prospectus as “QIBs”), in transactions exempt from the registration requirements of the Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be NSE Emerge.

Disclaimer Clause of NSE

As required, a copy of this Draft Prospectus has been submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Prospectus, shall be included in the Prospectus prior to the RoC filing.

Disclaimer Clause under Rule 144A of the U.S. Securities Act

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applicants may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Filing

The Draft Prospectus shall not be filed with SEBI, nor will SEBI issue any observation on the Draft Prospectus in terms of Regulation 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 400051.

A copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the office of the Registrar of Companies, The Registrar of Companies, Chennai, Tamil Nadu situated at Block No.6, B Wing 2nd Floor, Shastri Bhawan 26, Haddows Road, Chennai - 600034, Tamil Nadu, India.

Listing

In terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, there is no requirement of obtaining In-Principle approval of the SME Platform of NSE. However, application shall be made to SME Platform of NSE for obtaining permission for listing of the Equity Shares being offered and sold in the Offer on its SME Platform after the allotment in the Offer. NSE Emerge is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer. If the permission to deal in and for an official quotation of the Equity Shares on the SME Platform is not granted by NSE Emerge, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. The allotment letters shall be issued or application money shall be refunded within 15 (fifteen) days from the closure of the Offer or such lesser time as may be specified by Securities and Exchange Board or else the application money shall be refunded to the applicants forthwith, failing which interest shall be due to be paid to the applicants at the rate of fifteen per cent per annum for the delayed period as prescribed under Section 40 of the Companies Act, 2013.

The Company has obtained in-principle approval from NSE letter dated [●] to use the name of NSE in this Draft Prospectus for listing of equity shares on SME Platform of NSE Emerge.

ANNEXURE TO THE SEBI DISCLAIMER CLAUSE - POINT NO. 16

The price information of past issues handled by the Lead Manager - Keynote Corporate Services Limited is as follows:

| Sr. No. | Issue Name | Issue Size (₹ Cr.) | Issue price (₹) | Listing date | Opening price on listing date (₹) | +/- % change in closing price, [+/- % change in closing benchmark]-30 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]-90 th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]-180 th calendar days from listing |
|---------|--|--------------------|-----------------|--------------|-----------------------------------|--|--|---|
| 1. | Shree Pushkar Chemicals and Fertilizers Limited | 70.00 | 65 | 10/09/2015 | 60.05 | # 12.69%, [4.56%] | 44.57%, [-2.25%] | 81.84%, [-3.89%] |
| 2. | Perfect Infraengineers Limited (SME Platform – NSE EMERGE) | 5.77 | 23 | 20/11/2015 | 26.00 | # -7.97%, [-0.28%] | # -35.26%, [-8.07%] | # -25.70%, [-0.93%] |
| 3. | Steel City Securities Limited (SME Platform – NSE EMERGE) | 26.99 | 55 | 17/02/2017 | 55.00 | # 35.13%, [3.46%] | 23.95%, [6.89%] | # 94.12%, [12.37%] |
| 4. | Sarveshwar Foods Limited | 54.97 | 85 | 15/03/2018 | 83.00 | N.A. | N.A. | N.A. |

Summary statement of price information of past issues handled by Keynote Corporate Services Limited

| Financial Year | Total no. of IPOs | Total Funds Raised (₹ Cr.) | Nos. of IPOs trading at discount- 30 th calendar days from listing | | | Nos. of IPOs trading at premium- 30 th calendar days from listing | | | Nos. of IPOs trading at discount- 180 th calendar days from listing | | | Nos. of IPOs trading at premium- 180 th calendar days from listing | | |
|----------------|-------------------|----------------------------|---|----------------|---------------|--|----------------|---------------|--|----------------|---------------|---|----------------|---------------|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2015-16 | 2 | 75.77 | Nil | Nil | 1 | Nil | Nil | 1 | Nil | 1 | Nil | 1 | Nil | Nil |
| 2016-17 | 1 | 26.99 | Nil | 1 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | 1 | Nil | Nil |
| 2017-18 | 1 | 54.97 | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A | N.A |

Notes:

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Indices
 2. Prices of BSE/NSE are considered for all of the above calculations
 3. In case of 30th/60th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
 4. In case 30th/90th/180th days scrips are not traded, then last trading price has been considered
 5. As per SEBI Circular No.CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the Lead Manager.
 6. The information for each of the financial years is based on issues listed during such financial year.
- *N.A. = Not Applicable

Track record of past issues handled by the Lead Manager

For details regarding the track record of the Lead Manager to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please refer to the website of the Lead Manager - Keynote Corporate Services Limited at www.keynoteindia.net

Caution – Disclaimer from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.pommys.in, would be doing so at his or her own risk.

The Lead Manager accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into among the Lead Manager and our Company dated March 15, 2018, and the Underwriting Agreement to be entered into among the Underwriters and our Company.

All information shall be made available by our Company and the Lead Manager to the Bidders and public at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere. Neither our Company nor any member of the Syndicate shall be liable to the Bidders for any failure in uploading the Bids, due to faults in any software or hardware system, or otherwise.

The Lead Manager and their respective associates may engage in transactions with, and perform services for our Company and our respective affiliates and associates in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or their respective affiliates or associates for which they have received, and may in future receive compensation. Bidders that bid in the Issue will be required to confirm, and will be deemed to have represented to our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares, and will not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

"Any person who –

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under section 447."*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six (6) months extending up to ten (10) years (provided that where the fraud involves public interest, such term shall not be less than three (3) years) and fine of an amount not less than the amount involved in the fraud, extending up to three (3) times of such amount.

Consents

Consents in writing of (a) our Directors, the Company Secretary and Compliance Officer, the Auditors, the legal counsels, the Bankers to our Company, the Bankers to the Issue, lenders (where such consent is required), industry sources, and (b) the Lead Manager and the Registrar to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Prospectus with the RoC and such consents shall not be withdrawn up to the time of delivery of the Prospectus with the RoC.

Expert Opinion

Except for the report of our Auditor on the Restated Financial Statements and the statement of tax benefits included in this Draft Prospectus, on pages 122 and 71, respectively, our Company has not obtained any expert opinion.

Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹[●] Lakhs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(₹ in Lakhs)

| Activity Expense | Amount (in ₹ Lakhs) | Percentage of Total Estimated Issue Expenses | Percentage of Issue Size |
|---|------------------------|--|-----------------------------|
| Fees of the Lead Manager, underwriting commission, brokerage and selling commission (including commissions to SCSBs for ASBA Applications) and Commission payable to Registered Brokers | [●] | [●] | [●] |
| Processing fee to the SCSBs for processing Bid-cum-Application Forms procured by Syndicate/Sub Syndicate and submitted to SCSBs or procured by Registered Brokers | [●] | [●] | [●] |
| Advertising and marketing expenses, printing and stationery, distribution, postage etc. | [●] | [●] | [●] |
| Fees to the Registrar to the Issue | [●] | [●] | [●] |
| Listing fees and other regulatory expenses | [●] | [●] | [●] |
| Other expenses (Legal advisors, Auditors, PR firm and other Advisors etc.) | [●] | [●] | [●] |
| Total estimated Issue expenses | [●] | [●] | [●] |

Fees, Brokerage and Selling Commission

The total fees payable to the Lead Manager (including underwriting and selling commissions), and reimbursement of their out of pocket expenses, will be as stated in the engagement letters with the Lead Manager, dated [●], copies of which shall be available for inspection at our Registered Office, from 10.00 am to 4.00 p.m. on Working Days from the date of filing the Prospectus until the Bid/Issue Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue, including fees for processing of Application Forms, data entry, printing of Allotment Advice, refund order, preparation of refund data, will be as per the agreement dated December 08, 2017 signed among our Company and the Registrar to the Issue, a copy of which shall be made available for inspection at our Registered Office.

Particulars regarding Public or Rights Issues during the last Five (5) Years

There have been no public or rights issues undertaken by our Company during the five (5) years immediately preceding the date of this Draft Prospectus.

Commission or Brokerage on Previous Issues

Since this is the initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares, since the incorporation of our Company.

Previous Issues Otherwise than for Cash

Except as disclosed under section titled "Capital Structure" beginning on page 49 of this Draft Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Capital Issues in the Preceding three (3) Years

Except as disclosed under section titled "Capital Structure" beginning on page 49 of this Draft Prospectus, our Company has not made any capital issues during the three (3) years immediately preceding the date of this Draft Prospectus.

Performance vis-à-vis Objects

Our Company has not undertaken any public or rights issue in the ten (10) years immediately preceding the date of this Draft Prospectus.

Outstanding Debentures, Bonds or Redeemable Preference Shares

Our Company does not have any outstanding debentures, bonds or redeemable preference shares, as on the date of this Draft Prospectus.

Partly Paid-Up Shares

As on the date of this Draft Prospectus, there are no partly paid-up Equity Shares of our Company.

Stock Market Data of the Equity Shares

This being the initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange as on the date of this Draft Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances by our Company

The agreement dated December 08, 2017 between the Registrar to the Issue and our Company, provides for retention of records with the Registrar to the Issue for a minimum period of three (3) years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, in order to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

Investors may contact the Lead Manager for any complaint pertaining to the Issue. All grievances relating to the non-ASBA process must be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, the Bidders' DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the Syndicate Member or the Registered Broker where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

Further, with respect to the Bid-cum-Application Forms submitted with the Registered Broker, the investor shall also enclose the acknowledgement from the Registered Broker in addition to the documents/information mentioned hereinabove.

Disposal of Investor Grievances by our Company

We estimate that the average time required by our Company and/or the Registrar to the Issue for the redressal of routine investor grievances shall be seven (7) days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Mr. Raja Gopalan, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems, at the address set forth hereunder.

Mr. V Rajagopalan

5/13 B, Pommys Nagar, Seithur Road,
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Telephone: +91 (0) 4563-244615
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Further, our Board has constituted a Stakeholders' Relationship Committee comprising our Directors, Mr. Suresh Bohra, Mr. Mahilan Irulappan, Mr. Dinakaran Rajachandran, Mr. A Inico Inbaraj and Mr. K Raja which is responsible for redressal of



grievances of the security holders of our Company. For further details, please refer to section titled "Our Management" beginning on page 103 of this Draft Prospectus.

We do not have any listed Group Entities as on the date of this Draft Prospectus.

Changes in Auditors

The changes in the Statutory Auditors of our Company in the last three (3) years are as follows:

| No. | Name of Firms | Date of change | Reason for change |
|------------|------------------------|-----------------------|--------------------------|
| 1. | P. Selvaraj Associates | March 09, 2018 | Pre- Occupation |

Capitalization of Reserves or Profits

Except as provided under the section titled "Capital Structure" beginning on page 49 of this Draft Prospectus, our Company has not capitalized its reserves or profits at any time during the five (5) years immediately preceding the date of this Draft Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.

SECTION VII: OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued pursuant to the Offer are subject to the provisions of the Companies Act, the SEBI Regulations, the SCRR, our Memorandum and Articles of Association, the terms of this Draft Prospectus, the Prospectus, the Application Form, the Allocation Advice, the Listing Agreement to be entered into with the Stock Exchange (the “SEBI Listing Regulations”) and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to 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 Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI and/or any other authorities while granting its approval for the Offer.

Please note that in terms of SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all the investors applying in this Offer shall use only Applications Supported by Blocked Amount (ASBA) facility for making payment i.e just writing their bank account numbers and authorising the banks to make payment in case of allotment by signing the application forms.

Authority for the Present Offer

The Offer has been authorized by the Board of Directors of our Company vide a resolution passed at its meeting held on December 15, 2017 and by Special Resolution passed by the shareholders at an Extra Ordinary General Meeting held on December 30, 2017.

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 *paripassu* in all respects with the existing Equity Shares of our Company including rights in respect of the dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends, voting rights and other corporate benefits, if any, declared by our Company after the date of Allotment. For further information, please refer to the section “*Main Provisions of the Articles of Association*” on page 203203 of this Draft Prospectus.

Mode of Payment of Dividend

Our Company shall pay dividends to our shareholders in accordance with the provisions of the Companies Act, our Articles of Association and the provisions of the SEBI Listing Regulations and any other rules regulations and guidelines issued by the Government of India in connection thereto 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.

Face Value and Offer Price

The face value of the Equity Shares is ₹ 10 each and the Offer Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with the SEBI Regulations

Our Company shall comply with all disclosure and accounting norms, as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to the applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity Shareholders of our Company shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;

- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of SEBI Listing Regulations and our Company's Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles relating to voting, dividend, forfeiture and lien and/or consolidation/sub-division/cancellation, please refer to the section "*Main Provisions of the Articles of Association*" on page 203 of this Draft Prospectus.

Joint Holders

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per SEBI ICDR Regulations, the trading of our Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the trading 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 NSE from time to time by giving prior notice to investors at large. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Shares subject to a minimum Allotment of [●] Equity Shares. For details of Allotment, please refer to the section "*Offer Procedure*" on page 171 of this Draft Prospectus.

Nomination Facility to Investor

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole or first Applicant, with other joint Applicants, may nominate any one person in whom, in the event of the death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder's death during 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.

Further, any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013, will, on the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of 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 90 days, the Board may thereafter withhold payment of all dividend, interests, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Applicant will prevail. If Applicants want to change their nomination, they are advised to inform their respective Depository Participant.

Offer Period

Applicants may submit their applications only in the Offer Period. The Offer Opening Date is [●] and the Offer Closing Date is [●].

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Issue within the issue Period; and/or (ii) a subscription in the issue equivalent to the minimum number of securities as specified under Rule 19(2)(b)(ii) of the SCRR, including devolvement of Underwriters, if any within 60 (sixty) days of from the date of closure of the issue, our Company shall refund the entire subscription amount received, within period as prescribed under Regulation 14 of the SEBI ICDR Regulations. If there is a delay beyond eight days from the date of closure of the issue, the prescribed period, our Company shall pay interest as prescribed under Section 39 read with Rule 11 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 of the Companies Act, 2013.

Further, in accordance with Regulation 106R of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 50.

Migration to Main Board

Our Company may migrate to the Main Board of NSE from the SME Platform on a later date subject to the following:

- If the paid up capital of our Company is likely to increase above ₹2,500 Lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders in favour of the proposal amount to at least two times the number of votes cast by shareholders against the proposal and for which our Company has obtained in-principal approval from the Main Board), our Company shall apply to NSE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- If the paid up capital of our Company is more than ₹ 1,000 Lakhs but below ₹ 2,500 Lakhs, our Company may still apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Market Making

The Equity Shares offered through this Offer are proposed to be listed on the SME platform of NSE (NSE EMERGE), wherein the Lead Manager shall ensure compulsory market making through the registered Market Makers of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of Equity Shares on the SME platform of NSE. For further details of the market making arrangement, please refer to the section “*General Information*” on page 41 of this Draft Prospectus.

In accordance with the SEBI Circular No. CIR/MRD/DSA/31/2012 dated November 27, 2012; it has been decided to make applicable limits on the upper side for the Market Makers during making process taking into consideration the Offer Size in the following manner:

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

Further, the Market Maker shall give (2) Two way quotes till it reaches the upper limit threshold; thereafter it has the option give only sell quotes. Two (2) way quotes shall be resumed the moment inventory reaches the prescribed re-entry threshold.

In view of the Market Maker obligation, there shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts its inventory through market making process on the platform of the exchange, the concerned stock exchange may intimate the same to SEBI after due verification.

Arrangement for disposal of Odd Lots

The trading of the Equity Shares will happen in the minimum lot size of [●] Equity 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 NSE EMERGE.

Restriction on transfer of shares

Except for lock-in of the pre- Offer Equity Shares and Promoter minimum contribution in the Offer as detailed in “Capital Structure” on page 4949 of this Draft Prospectus and except as provided in the Articles, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in our Articles. For more information, please refer to the section “Main Provisions of our Articles of Association” on page 203 of this Draft Prospectus.

Application by Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Offer. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Offer provided it obtains a prior approval from the RBI. On submission of such approval along with the Application Form, the OCB shall be eligible to be considered for share allocation.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an initial public offering. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FVCIs registered with SEBI, Applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

Withdrawal of the Offer

Our Company, in consultation with the Lead Manager, reserves the right not to proceed with the Offer any time after the Offer Opening Date but before the Board meeting for Allotment of Equity Shares. In such an event, our Company would issue a public notice in the newspapers, in which the pre- Offer advertisements were published, within two days, providing reasons for not proceeding with the Offer. Our Company shall also inform the same to NSE and the Lead Manager, through the Registrar to the Offer, shall notify the SCSBs to unblock the ASBA Account within one Working Day from the date of such notification.

Any further issue of Equity Shares by our Company shall be in compliance with applicable laws.

If our Company withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an initial public offering of Equity Shares, our Company shall be required to file a fresh Draft Prospectus. Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment and the final RoC approval of the Draft Prospectus.

Issue of Equity Shares in dematerialised form in the Offer

In accordance with the SEBI ICDR Regulations, Equity Shares to be issued, transferred and Allotment shall be made only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

New Financial Instruments

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the RoC publish a pre- Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with competent courts/authorities in Mumbai, Maharashtra, India.

ISSUE STRUCTURE

The present Offer of 75,00,000 Equity Shares of ₹ 10 each, at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) for cash aggregating to [●] (the Offer), of which 3,75,000 Equity Shares of ₹ 10 each will be reserved for subscription by Market Maker (**Market Maker Reservation Portion**), is being made in terms of Chapter XB of the SEBI ICDR Regulations. The Offer less the Market Maker Reservation Portion i.e. Offer of 71,25,000 Equity Shares of ₹ 10 each is hereinafter referred to as the Net Offer. The Issue and the Net Issue will constitute 30.32% and 28.80%, respectively of the Post Offer Paid Up Equity Share capital of our Company.

| Particulars | Net Offer to Public* | Market Maker Reservation Portion |
|--|---|---|
| Number of Equity Shares available for allocation | 71,25,000 Equity Shares | 3,75,000 Equity Shares |
| Percentage of Offer Size available for allocation | 95.00 % of the Issue Size | 5.00 % of the Issue Size |
| Basis of allocation, if respective category is oversubscribed | Proportionate. | Firm allotment |
| Minimum Application Size | <p><u>For Non Retail Investors</u></p> <p>Such number of Equity Shares in multiples of [●] Equity Shares at an issue Price of [●] such that the Application Value exceeds ₹ 2,00,000/-</p> <p><u>For Retail Individual Investors:</u></p> <p>35,62,500 Equity Shares at an Offer Price of [●]</p> | |
| Maximum Application Size | <p><u>For Non Retail Investors</u></p> <p>35,62,500 Equity Shares at an Offer Price of [●]</p> <p>The maximum application size is the Net Offer to public subject to limits the investor has to adhere under the relevant laws and regulations as applicable</p> <p><u>For Retail Individual Investors:</u></p> <p>Such number of Equity Shares in multiples of [●] Equity Shares such that the Application Value does not exceed ₹ 2,00,000/-</p> | |
| Mode of Application | Through ASBA process only | |
| Mode of allotment | Compulsorily in dematerialised Form. | |
| Trading Lot | [●] Equity Shares. | [●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations. |
| Who can apply | <p><u>Non Retail Investors</u></p> <p><i>As QIBs</i> - Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, VCFs, FVCIs and AIFs registered with SEBI, FIIs and subaccount registered with SEBI (other than a subaccount which is a foreign corporate or foreign individual), multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund with minimum corpus of ₹</p> | |

| Particulars | Net Offer to Public* | Market Maker Reservation Portion |
|-------------------------|--|----------------------------------|
| | <p>2,500 Lakhs, pension fund with minimum corpus of ₹ 2,500 Lakhs and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India.</p> <p>As Non Institutional Applicants</p> <p>- Resident Indian individuals, HUF (in the name of Karta), companies, Eligible NRIs, corporate bodies, Scientific Institutions, Societies and Trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.</p> <p><u>For Retail Individual Investors:</u></p> <p>Individuals (including Eligible NRIs and HUFs in the name of Karta) applying for Equity Shares such that the Application Amount does not exceed ₹ 2,00,000 in value.</p> | |
| Terms of Payment | Full Application Amount at time of submission of Application Form | |

*As per Regulation 43(4) of the SEBI ICDR Regulations, as amended, as present issue is a fixed price issue 'the allocation' in the net offer to the public category shall be made as follows.

- a) Minimum fifty percent to retail individual investors; and
- b) Remaining to
 - (i) Investors Non retail Investors; and
 - (ii) other investors including corporate bodies or institutions, irrespective of the number of the number of specified securities applied for;
- c) The unsubscribed portion in either of the categories specified in (a) or (b) above may be allocated to the applicants in the other category.

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

*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:

| Price Band (₹) | Lot Size (Number of Shares) |
|---------------------------|-----------------------------|
| A. Upto 14 | 10,000 |
| B. more than 14 upto 18 | 8,000 |
| C. more than 18 upto 25 | 6,000 |
| D. more than 25 upto 35 | 4,000 |
| E. more than 35 upto 50 | 3,000 |
| F. more than 50 upto 70 | 2,000 |
| G. more than 70 upto 90 | 1,600 |
| H. more than 90 upto 120 | 1,200 |
| I. more than 120 upto 150 | 1,000 |
| J. more than 150 upto 180 | 800 |
| K. more than 180 upto 250 | 600 |

| Price Band (₹) | Lot Size (Number of Shares) |
|-----------------------------|--------------------------------|
| L. more than 250 upto 350 | 400 |
| M. more than 350 upto 500 | 300 |
| N. more than 500 upto 600 | 240 |
| O. more than 600 upto 750 | 200 |
| P. More than 750 upto 1,000 | 160 |
| Q. above 1,000 | 100 |

Further to the Circular, at the initial public offer stage, the Registrar to the Offer, in consultation with the Lead Manager, our Company and the Designated Stock Exchange 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. The lot size shall not be reduced by the Stock Exchange to below the initial lot size if the trading price is below the IPO issue price. The Stock Exchange can review the lot size once in every 6 months / wherever warranted, by giving an advance notice of at least one month to the market. However, as far as possible, the Stock Exchange shall ensure that odd lots are not created. In case of oversubscription, if the option to retain ten percent of the Net Offer to public for the purpose of making allotment in minimum lots is exercised, then it shall be ensured by the Issuer/Stock Exchange/ Lead Manager that the post issue paid up capital of the Issuer does not go beyond ₹ 2,500 Lakhs.

Offer Programme

| | |
|--|-----|
| Offer Opening Date | [•] |
| Offer Closing Date | [•] |
| Finalization of Basis of Allotment | [•] |
| Initiation of refunds | [•] |
| Credit of Equity Shares | [•] |
| Commencement of trading of Equity Shares | [•] |

Applications shall be accepted only between **10.00 a.m. and 5.00 p.m.** (Indian Standard Time **IST**) during the Offer Period at the Application Centers mentioned in the Application Form.

Standardization of cut-off time for uploading of applications on the issue closing date:

- A standard cut-off time of 3.00 p.m. for acceptance of applications.
- A standard cut-off time of 4.00 p.m. for uploading of applications received from other than retail individual applicants
- A standard cut-off time of 5.00 p.m. for uploading of applications received from only retail individual applicants, which may be extended up to such time as deemed fit by NSE after taking into account the total number of applications received up to the closure of timings and reported by Lead Manager to NSE within half an hour of such closure.

Due to limitation of time available for uploading the applications on the Offer Closing Date, the Applicants are advised to submit their applications one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. (IST) on the Offer Closing Date. Applicants are cautioned that in the event a large number of applications are received on the Offer 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 Offer. Applications will be accepted only on Working Days (excluding any public holiday). Neither our Company nor any SCSB is liable for any failure in uploading the applications due to faults in any software/hardware system or otherwise.

In case of discrepancy of data between NSE and the Designated Branches of the SCSBs, the decision of the Registrar to the Offer, in consultation with the Lead Manager, our Company and NSE, based on the electronic records, as the case may be, of the Application Forms shall be final and binding on all concerned. Further, the Registrar to the Offer may ask for rectified data from the SCSBs.

ISSUE PROCEDURE

This section applies to all the Applicants.

Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)(Fifth Amendment) Regulations, 2015 there has been certain changes in the Issue procedure for initial public offering including making ASBA Process mandatory for all investors w.e.f. January 01, 2016, allowing registrar, share transfer agents, collecting depository participants and stock brokers to accept Application forms. Further, SEBI, by its circular No. (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, reduced the time taken for listing after the closure of an Issue to six working days w.e.f. January 01, 2016.

Applicants applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. All Applicants are required to submit their applications through the SCSBs (Self Certified Syndicate Banks). Please note, an amount equivalent to the full Application Amount will be blocked by the SCSBs. Please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form

Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in applicable laws, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that their applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Draft Prospectus.

The Offer is being made in accordance with Regulation 106(M)(2) of Chapter XB of the SEBI ICDR Regulations through a Fixed Price Process.

Application Form

Pursuant to SEBI Circular dated November 10, 2015 and bearing Reference No. CIR/CFD/POLICYCELL/11/2015 which shall be applicable for all public issues opening on or after January 01, 2016, all the investors can apply through ASBA Mode. The prescribed colour of the Application Form for various categories applying in this Offer is as follows:

| Category | Color of Application Form |
|--|---------------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis (ASBA) | White |
| Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA) | Blue |

Application Forms for ASBA Applicants will also be available on the website of the Stock Exchange (www.nseindia.com/emerge) at least one day prior to Offer Opening Date.

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number.

ASBA Applicants are required to submit their applications only through the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form. Applicants shall submit an Application Form either in physical or electronic form to the SCSB's authorizing blocking funds that are available in the bank account specified in the Application form used by the Applicants.

Applicants applying through the SCSBs should ensure that the Application Form is submitted to a **Designated Intermediaries** being an SCSB's, a syndicate member, a stock broker, a depository participants and a registrar to the issue, who shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application forms, in physical or electronic mode, respectively.

Applicants are required to submit their applications only through any of the following **Designated Intermediaries**:

- i. an SCSB, with whom the bank account to be blocked, is maintained
- ii. a syndicate member (or sub-syndicate member), if any

- iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('Registered Broker')
- iv. a Collecting Depository Participant ('CDP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

Upon completion and submission of the Application Form to SCSB, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

The upload of the details in the electronic bidding system of stock exchange will be done by:

| | |
|--|---|
| For applications submitted by investors to SCSB | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer. |

Who can apply?

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended and who are not minors (except through their Legal Guardians), in single or joint names (not more than three);
- 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;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares under their respective constitutional or charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs cannot participate in the Offer;
- 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);
- FIIs and sub-accounts of FIIs registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Applicants category;
- VCF and AIFs registered with SEBI;
- FVCIs registered with SEBI;
- Eligible QFIs,

- FPIs and sub-accounts registered with SEBI, other than Category III Foreign Portfolio Investor.
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in Equity Shares;
- Scientific and/or industrial research organisations authorised in India to invest in Equity Shares;
- Insurance companies registered with IRDA;
- Provident Funds with a minimum corpus of ₹ 2,500 Lakhs and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- Pension Funds with a minimum corpus of ₹ 2,500 Lakhs and who are authorised under their constitutional documents to hold and invest in Equity Shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- 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;
- Any other person eligible to apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws.

Applications not to be made by:

- Minors (except those having valid demat account, as per Demographic Details provided by Depositories)
- Partnership firms or their nominations
- Overseas Corporate Bodies

Please note that, as per the existing regulations, OCBs cannot apply/participate in this Offer.

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.

Participation by associates of the Lead Manager

Associates and affiliates of the Lead Manager may subscribe to or purchase Equity Shares in the Offer, either in the Retail or Non – Retail portion as may be applicable to such Bidders, where the allotment is on a proportionate basis. Such holding or subscription may also be on behalf of their clients.

Applications by Mutual Funds

With respect to applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to reject any application without assigning any reason thereof.

Applications 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 the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Applications by Eligible NRIs

Eligible NRIs may apply through any of the following ways:

- In case of applications on repatriation basis shall use the Application Form meant for Non Resident Indians (Blue in color) or
- In case of applications on non repatriation basis shall use the Application Form meant for resident Applicants (White in color)

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 can obtain Application Form from the Bankers to the Offer or SCSBs and from Registered Office of our Company.

Applications by FPI and FIIs

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely "foreign institutional investors" and "qualified foreign investors" will be subsumed under a new category namely "foreign portfolio investors" or "FPIs". RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer 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 investors who have not registered as FPIS under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

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 without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of 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 without assigning any reason.

In terms of the SEBI FPI Regulations, the offer of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Offer 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% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24% of the total paid-up Equity Share capital of our Company, respectively.

Applications by SEBI registered VCFs, FVCIs and AIFs

The SEBI (Venture Capital Funds) Regulations, 1996 (**VCF Regulations**) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 (**FVCI Regulations**), as amended *inter alia* prescribe, amongst others, investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. A FVCI can invest its entire funds committed for investment into India in one venture capital undertaking. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription in an initial public offering of a venture capital undertaking whose shares are proposed to be listed.

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 VCF registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations 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 Regulation.

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 accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment Scheme) (5th Amendment) Regulations, 2010, as amended, are broadly set forth below:

Equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

The entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of Unit Linked Insurance Plans); and

The industry sector in which the investee company operates: 10% of the insurer's total investment exposure to the industry sector (25% in case of Unit Linked Insurance Plans).

Applications made by Provident Funds / Pension Funds

In case of the applications made by provident funds / pension funds, subject to applicable law, with minimum corpus of ₹ 2,500 Lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Application Form. Failing this, our Company reserves the right to accept or reject any application in whole or in part, in either case, without assigning any reason thereof.

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 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 Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making 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

AS PER THE CURRENT REGULATIONS, THE FOLLOWING RESTRICTIONS ARE APPLICABLE FOR INVESTMENTS BY FPIs.

1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by a domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of Schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized Stock Exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian Company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-Convertible debentures or bonds issued by Non – Banking Financial Companies categorized as 'Infrastructure Finance Companies' (IFC) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, hold equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after Initial Public Offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment from the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
 - a. A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
 - b. Nothing contained in clause (a) shall apply to:
 - i. Any transactions in derivatives on a recognized stock exchange;
 - ii. Short selling transactions in accordance with the framework specified by the Board;
 - iii. Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - iv. Any other transaction specified by the Board.
 - c. No transaction on the stock exchange shall be carried forward;
 - d. The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
 - i. transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
 - ii. Sale of securities in response to a Draft Prospectus sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - iii. Sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - iv. Sale of securities, in accordance with the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998;
 - v. divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines of Disinvestment of shares of Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;

- vi. Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
- vii. Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- viii. Any other transaction specified by Board.

e. A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form: Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized. Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.

- 4 The purchase of Equity Shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
- 5 The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.
- 6 In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
- 7 A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard. No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:
 - a. Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority'
 - b. Such offshore derivatives instruments are issued after compliance with 'know your client' norms:
 - c. Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal, in offshore derivatives instruments directly or indirectly.

Provided further that no Category III foreign portfolio investor shall issue, subscribe to or otherwise deal in offshore derivatives instruments directly or indirectly.

A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.

Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.

Any offshore derivative instruments issued under the Securities and Exchange Board of India of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provision of these regulations.

The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10 per cent of the total issued capital of the company.

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 ₹ 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged 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 reason thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

1. With respect to applications by VCFs, AIFs, FVCIs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Application Form.
2. With respect to applications by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged along with the Application Form.
3. With respect to applications made by provident funds with a minimum corpus of ₹ 2,500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject to such terms and conditions that our Company and the Lead Manager may deem fit.

Our Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Offer, that for the purpose of printing particulars on the refund order and mailing of the refund order/ Allotment Advice or refunds through electronic transfer of funds, the Demographic Details given on the Application Form should be used (and not those obtained from the Depository of the Applicants). In such cases, the Registrar to the Offer shall use Demographic Details as given in the Application Form instead of those obtained from the Depositories.

Maximum and Minimum Application Size

1. **For Retail Individual Applicants:** The application must be for a minimum of [●] Equity Shares and in the multiple of [●] Equity Shares thereafter, so as to ensure that the Application Amount payable by them does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Applicants have to ensure that the Application Amount payable by them does not exceed ₹ 2,00,000.
2. **For Non Retail Applicants:** 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. An application cannot be submitted for more than the Net Offer Size. However, the allotment will not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a Non Retail Applicant cannot withdraw its application nor lower the size of its application after the Offer Closing Date and are required to pay the Application Amount upon submission of the application.

In case of revision of Applications, the Non Retail Applicants have to ensure that the Application Amount payable by them exceed ₹ 2,00,000

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 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.

Information for the Applicants:

1. Our Company and the Lead Manager shall declare the Offer Opening Date and Offer Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Offer Opening Date.
3. Copies of the Application Form and copies of the Prospectus will be available with the Lead Manager, the Registrar to the Offer and at the Registered Office of our Company. Electronic Application Forms will also be available on the website of the Stock Exchanges.
4. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Registered Office.
5. Applicants who are interested in subscribing to the Equity Shares should approach Designated Intermediaries to register their applications.

6. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch or the respective Designated Intermediaries. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained or to other Designated Intermediaries. SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
8. Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB, where the ASBA Account is maintained. For ASBA applications submitted directly to the SCSBs or through its intermediaries, the relevant SCSB shall block an amount in the ASBA Account equal to the Application Amount specified in the Application Form, before entering the ASBA application into the electronic system.
9. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Offer will be made into the accounts of such Applicants.

The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Offer or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

Method and Process of Applications

1. Applicants are required to submit their applications during the Offer Period only through the following designated intermediary:
 - i. an SCSB, with whom the bank account to be blocked, is maintained
 - ii. a syndicate member (or sub-syndicate member), if any
 - iii. a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('Registered Broker')
 - iv. a Collecting Depository Participant ('CDP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
 - v. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Offer Period may be extended, if required, by an additional three Working Days, subject to the total Offer Period not exceeding 10 Working Days.

The Designated Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Offer Period in accordance with the terms of the Prospectus.

The Applicant cannot apply on another Application Form after one Application Form has been submitted to the designated intermediaries. Submission of a second Application Form to either the same or to another designated intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer.

2. The designated intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

3. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below:

| | |
|---|---|
| For applications submitted by investors to SCSBs: | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer. |

4. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and if sufficient funds are not available in the ASBA Account the application will be rejected.
5. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
6. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Offer Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

Payment Instructions

- **Terms of Payment**

The entire Offer price of [•] is payable on application. In case of allotment of lesser number of equity shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Applicant.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Offer Account, the balance amount after transfer will be unblocked by the SCSBs.

The applicants should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Offer and the Registrar to the Offer to facilitate collections from the Applicants.

- **Payment Mechanism**

The applicants shall specify the bank account number in their Application Form and the SCSB's 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 the instruction from the Registrar to unblock the Application Amount. However Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instructions to the SCSB's to unblock the application money in the relevant bank account within one day of the receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the Application by the Applicant, as the case may be.

Please note that pursuant to SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in the public issue can only invest through ASBA Mode.

Electronic Registration of Applications

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded within one Working Day from the Offer Closing Date.
3. The Designated Intermediaries 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) with respect to applications by the Applicants, applications accepted and uploaded by them, the Designated Branch of the relevant SCSB, which receives the relevant schedule (along with Application Forms), will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Lead Manager nor our Company nor the Registrar to the Offer shall be responsible for any acts, mistakes or errors or omission and commissions in relation to
 - (i) the applications accepted by any Designated Intermediaries,
 - (ii) the applications uploaded by any Designated Intermediaries or
 - (iii) the applications accepted but not uploaded by any Designated Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Offer. This facility will be available at the terminals of the Designated Intermediaries and their authorised agents during the Offer Period. The Designated Branches of the Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the on-line facilities on a regular basis. On the Offer Closing Date, the Designated Branches of the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Application Forms to Designated Branches of the SCSBs for blocking of funds:

| Sr. No. | Details |
|---------|-------------------|
| 1 | Symbol |
| 2 | Intermediary Code |
| 3 | Location Code |
| 4 | Application No. |
| 5 | Category |
| 6 | PAN |
| 7 | DP ID |
| 8 | Client ID |
| 9 | Quantity |
| 10 | Amount |

With respect to applications by Applicants, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Applicants into the on-line system:

- Name of the Applicant(s);

- Application Form number;
- PAN(of the sole/first ASBA Applicant), except for applications on behalf of Central and State Governments, residents of the State of Sikkim and officials appointed by the courts;
- Investor Category and Sub-Category:

| Retail | Non-Retail |
|-------------------|------------|
| (No sub category) | |

- DP ID and client identification number of the beneficiary account of the Applicant;
 - Number of Equity Shares applied for;
 - Application Amount; and
 - Bank account number.
 - Locations of the Banker to the Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained.
- A system generated TRS will be given to the Applicant as a proof of the registration of each of the application options. It is the Applicant's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the application by the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated/Allotted either by the Bankers to the Offer or our Company.
 - Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 - In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Draft Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
 - The permission given by the Stock Exchange to use its network and software of the online IPO connectivity system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchange.
 - The Designated Intermediaries will be given up to one day after the Offer Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Offer Period after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such applications are liable to be rejected.
 - The SCSBs shall be given one day after the Offer Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Offer.
 - The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for applications.

Allocation of Equity Shares

- The Offer is being made through the Fixed Price Process wherein 3,75,000 Equity Shares shall be reserved for Market Maker. 35,62,500 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Offer Price. The balance of the Net Offer 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, Eligible QFIs, 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 the SEBI ICDR Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
5. Allotment status details shall be available on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

1. Our Company and the Underwriters shall enter into an Underwriting Agreement.
2. After signing the Underwriting Agreement, our Company will update and file the updated Prospectus with the RoC in terms of Section 26 of Companies Act, 2013.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Draft Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation.

Advertisement regarding Offer Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Opening Date and Offer Closing Date. Any material updates between the date of this Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Manager or the Registrar to the Offer will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Offer.
3. The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

Designated Date and Allotment of Equity Shares

1. Our Company will ensure that the (i) Allotment of Equity Shares; and (ii) credit to the successful Applicant's depository account is done within 6 working Days of the Offer Closing Date. Our Company would ensure the credit to the successful Applicants Depository Account within 6 working Days of the Offer Closing Date.
2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
3. Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ Allotted to them pursuant to this Offer.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;
2. Ensure that you have applied at the Offer Price;
3. Read all the instructions carefully and complete the Application Form;
4. Ensure that the details about the PAN, Depository Participant and the beneficiary account are correct and the Applicant's Depository Account is active as Allotment of Equity Shares will be in the dematerialised form only;
5. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant;
6. 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 Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations); Instruct your respective Banks to not release the fund blocked in the ASBA Account under the ASBA process;
7. Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
8. Ensure that the Application Forms are delivered by the applicants within the time prescribed as per the application form and the Prospectus;
9. Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB or a Banker to the Offer, as the case may be;
10. Instruct your respective banks to not release the funds blocked in the bank account under the ASBA process;
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, for applications of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Application Form. The exemption for the Central or State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same;
12. Ensure that you have requested for and receive a TRS;
13. Ensure that you request for and receive a stamped acknowledgement of options;
14. All Investors submit their applications through the ASBA process only;
15. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Application Form; and
16. 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 a price other than the Offer Price;
2. Do not apply for lower than the minimum Application size

3. Non Retail Applicants should neither withdraw nor lower the size of their applications at any stage;
4. Do not apply on another Application Form after you have submitted an application to the Designated Intermediaries, as applicable;
5. Do not pay the Application Amount in cash, by money order or by postal order or by stock invest;
6. Do not send Application Forms by post; instead submit the same Designated Intermediaries, only;
7. Do not apply for an Application Amount exceeding ₹ 2,00,000 (for applications by Retail Individual Applicants);
8. Do not fill up the Application Form such that the Equity Shares applied for exceeds the Offer Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
9. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
10. Do not submit the applications without the full Application Amount;
11. Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
12. Do not submit applications on plain paper or incomplete or illegible Application Forms or on Application Forms in a colour prescribed for another category of Applicant; and
13. Do not apply if you are not competent to contract under the Indian Contract Act, 1872, as amended.

Instructions for completing the Application Form

Applications must be:

1. Made only in the prescribed Application Form.
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Application Form. Incomplete Application Forms are liable to be rejected. Applicants should note that the Bankers to the Offer and/or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Application Forms.
3. Information provided by the Applicants will be uploaded in the online IPO system by the Bankers to the Offer and the SCSBs, as the case may be and the electronic data will be used to make allocation/ Allotment. The Applicants should ensure that the details are correct and legible.
4. For Retail Individual Applicants, the application must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Application Amount of ₹ 2,00,000.
5. For Non Retail Applicants, applications must be for a minimum of such number of Equity Shares that the Application Amount exceeds or equal to ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. Applications cannot be more than the size of the Offer. Applications must be submitted through the ASBA process only.
6. In single name or in joint applications, only the name of the First Applicant (which should also be the first name in which the beneficiary account is held) should be provided in the Application Form.
7. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.
8. SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com With a view to broad base the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Offer and Share Transfer Agent and Depository

Participants registered with SEBI to accept the Application forms in Public Offer with effect from January 01, 2016. The List of RTA and DPs centers for collecting the application shall be disclosed is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com.

Applicant's Depository Account and Bank Account Details

Applicants should note that on the basis of name of the Applicants, PAN of the Applicants, DP ID and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Depository the Demographic Details including address, Applicants bank account details, MICR code and occupation. These bank account details would be used for giving refunds i.e by unblocking the ASBA Accounts. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in unblocking of ASBA Account and at the Applicant's sole risk and neither the Lead Manager nor the Registrar to the Offer or the SCSBs nor our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill in their Depository Account details in the Application Form.

IT IS MANDATORY FOR ALL THE APPLICANTS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the allocation advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Application Form, the Applicant would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Allocation advice would be mailed at the address of the Applicant as per the Demographic Details received from the Depositories.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, PAN of the sole/First Applicant (including the order of names of joint holders), the DP ID and the beneficiary's identity, then such applications are liable to be rejected.

Applications must be made in the following manner:

1. Application Form should be Blue in color and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or in case of joint applications, only the name of the First Applicant (which should also be the first name in which the beneficiary account is held) should be provided in the Application Form.
3. Applications on a repatriation basis shall be in the names of individuals, or in the name of FIIs, Eligible QFIs or FVCIs but not in the names persons not competent to contract under the Indian Contract Act, 1872, as amended, OCBS, firms or partnerships, foreign nationals (excluding Eligible NRIs or Eligible QFIs) or their nominees.

Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only at the rate of exchange prevailing at the time of remittance and net of bank charges and / or commission. In case of Applicants who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Applicants so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Application Form. Our Company and 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, Eligible QFIs and FIIs and all Applicants will be treated on the same basis with other categories for the purpose of allocation

Submission of Application Form

All Application Forms duly completed shall be submitted to the Designated Intermediaries at the time of submission of the application.

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

OTHER INSTRUCTIONS

Joint applications in the case of Individuals

Applications may be made in single or joint names (not more than three). However, the Application Form should contain only the name of the First Applicant. In the case of joint applications, all payments will be made out in favour of the Applicant whose name appears first in the Application Form. All communications will be addressed to the First Applicant and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Applications

An Applicant should submit only one application (and not more than one). Two or more applications will be deemed to be multiple applications if the sole or First Applicant is one and the same.

In case of a Mutual Fund, a separate application may be made in respect of each scheme of the Mutual Fund and such applications in respect of over 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.

After submitting an application to SCSB using an Application Form either in physical or electronic mode, an ASBA Applicant cannot apply, either in physical or electronic mode, whether on another Application Form, to either the same or another Designated Branch of the SCSB. Submission of a second application in such manner will be deemed a multiple application and would be rejected either before entering the application into the electronic collecting system or at any point of time prior to the allocation or Allotment of the Equity Shares in the Offer.

More than one ASBA Applicant may apply for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five Application Forms with respect to any single ASBA Account.

Duplicate copies of Application Forms downloaded and printed from the website of the Stock Exchange bearing the same application number shall be treated as multiple applications and are liable to be rejected.

Our Company, in consultation with the Lead Manager, reserves the right to reject, in its absolute discretion, all (or all except one) multiple application(s) in any or all categories. In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are given below:

1. All applications will be checked for common PAN as per the records of Depository. For Applicants other than Mutual Funds and FII sub-accounts, applications bearing the same PAN will be treated as multiple applications and will be rejected.
2. The applications from Mutual Funds and FII sub-accounts, which were submitted under the same PAN, as well as applications on behalf of the Central or State Government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the applications will be scrutinised for DP ID and beneficiary account numbers. In case such applications bear the same DP ID and beneficiary account numbers, these were treated as multiple applications and will be rejected.

Permanent Account Number or PAN

Except for applications on behalf of the Central or State Government and the officials appointed by the courts, the Applicants, or in the case of an application in joint names, each of the Applicants, should mention his/ her Permanent Account Number (PAN) allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction.

Any Application Form without the PAN is liable to be rejected, except for resident in the State of Sikkim, on behalf of the Central or State Governments and the officials appointed by the courts, may be exempted from specifying their PAN for transactions in the securities market. It is to be specifically noted that Applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these applications, the Registrar to the Offer will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

Further the beneficiary accounts of the Applicants for whom PAN details have not been verified will be “suspended for credit” and no credit of Equity Shares pursuant to the Offer will be made in the accounts of such Applicants.

REJECTION OF APPLICATIONS

In case of NonRetail Applicants and Retail Individual Applicants, our Company has a right to reject applications based on technical grounds. The Designated Branches of the SCSBs shall have the right to reject applications by ASBA Applicants if at the time of blocking the Application Amount in the Applicant’s bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Applicant’s bank account maintained with the SCSB. Subsequent to the acceptance of the applications made by the Applicants by the SCSB, our Company would have a right to reject the applications only on technical grounds.

Grounds for Technical Rejections

Applicants are advised to note that applications are liable to be rejected inter alia on the following technical grounds:

- Amounts mentioned in the Application Form does not tally with the amount payable for the value of the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, including minors (except those having valid demat account, as per Demographic Details provided by Depositories);
- PAN not mentioned in the Application Form, except for applications by or on behalf of the Central and State Government and the officials appointed by the courts and by investors residing in the State of Sikkim;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications for number of Equity Shares which are not in multiples of [●];
- Applications for an Application Amount less than ₹ 1,00,000 by a Retail Individual Applicant;
- Category not indicated;
- Multiple applications as defined in the Prospectus;
- In case of applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Signature of sole Applicants missing;
- Application Forms are not delivered by the Applicants within the time prescribed as per the Application Forms, Offer Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the DP ID and the beneficiary’s account number;

- Inadequate funds in the bank account to block the Application Amount specified in the Application Form at the time of blocking such Application Amount in the bank account;
- Applications by OCBs;
- Applications by US person other than in reliance on Regulation S or “qualified institutional buyers” as defined in Rule 144A under the Securities Act;
- Application not duly signed by the sole applicant;
- Application by any person outside India if not in compliance with applicable foreign and Indian Law;
- Application that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Application by person not eligible to acquire equity shares of the company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Inadequate funds in the bank account to block the Application Amount specified in the Application Form/Application Form at the time of blocking such Application Amount in the bank account;
- Where no confirmation is received from SCSB for blocking of funds;
- Applications by Applicants not submitted through ASBA process;
- Applications not uploaded on the terminals of the Stock Exchanges; and
- 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 Application Form; and
- Details of ASBA Account not provided in the Application form.

IN CASE THE DP ID, CLIENT ID AND PAN MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC COLLECTING SYSTEM OF THE STOCK EXCHANGE OR THE BANKERS TO THE OFFER /THE SCSBs DO NOT MATCH WITH THE DP ID, CLIENT ID AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITORIES, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

Equity Shares in dematerialised form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a dematerialised form (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 04, 2018 between NSDL, our Company and the Registrar to the Offer; and
- Agreement dated January 04, 2018 between CDSL, our Company and the Registrar to the Offer.

Our Company’s International Securities Identification Number (ISIN) is INE135Z01013.

All Applicants can seek Allotment only in dematerialised mode. Applications from any Applicant without relevant details of his or her Depository Account are liable to be rejected.

- (i) An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the application.

- (ii) The Applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Application Form.
- (iii) Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- (iv) Names in the Application Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (v) If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form, it is liable to be rejected.
- (vi) The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis-à-vis those with his or her Depository Participant.
- (vii) Equity Shares in electronic form can be traded only on the stock exchange having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- (viii) The trading of the Equity Shares of our Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchange.
- (ix) Non transferable advice or refund orders will be directly sent to the Applicants by the Registrar to the Offer.

Communications

All future communications in connection with applications made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application Form, name and address of the Designated Intermediary where the application was submitted thereof and a copy of the acknowledge slip.

Applicants can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

Payment of refunds for Applicants and its mode

The Registrar to the Offer shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA applications within 6 Working Days of the Offer Closing Date.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares

The Company shall use best efforts to ensure that all steps 'for completion of the necessary formalities for listing and commencement of trading at SME Platform of NSE where the Equity shares are proposed to be listed are taken with (6) six working days from Offer Closing Date

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, our Company further undertakes that:

1. Allotment of Equity Shares shall be made only in dematerialised form within 6 working Days of the Offer Closing Date; and
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Offer.

Our Company shall pay interest at 15% per annum for any delay beyond the 6 working days time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 6 working days time period prescribed above. If such money is not repaid within eight days from the day our Company becomes liable to repay, our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the applicable law.

Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

“Any person who:

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447.”

Basis of Allotment

1. For Retail Individual Applicants

- Applications received from the Retail Individual Applicants at the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Applicants will be made at the Offer Price.
- [●] Equity Shares shall be available for Allocation to Retail Individual Applicants who have applied at the Offer Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at the Offer Price, full Allotment shall be made to the Retail Individual Applicants to the extent of their valid applications.

2. For Non Retail Applicants

- Applications received from Non Retail Applicants at the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non Retail Applicants will be made at the Offer Price.
- The Net Offer size less Allotment to Retail Portion shall be available for Allotment to Non Retail Applicants who have applied at the Offer Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at the Issue Price, full Allotment shall be made to Non Retail Applicants and to the extent of their demand;
- In case the aggregate demand in this category is greater than [●] Equity Shares at the Issue Price, Allotment shall be made on a proportionate basis. For the method of proportionate basis of Allotment, refer below.

Method of Proportionate Basis of Allotment in the Offer

In the event of the Offer being over-subscribed, our Company shall finalise the basis of Allotment in consultation with the NSE. The executive director (or any other senior official nominated by them) of NSE along with the Lead Manager and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

1. Applicants will be categorised according to the number of Equity Shares applied for.
2. The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Applicants in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
3. Number of Equity Shares to be allotted to the successful Applicants will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Applicant in that category multiplied by the inverse of the over-subscription ratio.
4. In all applications where the proportionate Allotment is less than [●] Equity Shares per Applicant, the Allotment shall be made as follows:
 - The successful Applicants out of the total Applicants for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with 2 above; and
 - Each successful Applicant shall be allotted a minimum of [●] Equity Shares.
5. If the proportionate Allotment to an Applicant is a number that is more than [●] but is not a multiple of [●] (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
6. If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Applicants in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate Allotment to the successful Applicants in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Applicants applying for minimum number of Equity Shares.

Letters of Allotment or Refund Orders

Our Company shall credit the Allotted Equity Shares to the beneficiary account with Depository Participants within 6 Days from the Offer Closing Date. For all the applicants, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar to unblock the funds in the relevant ASBA Account to the extent of the Application Amount specified in the Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA applications within 6 working days of the Offer Closing Date.

Interest in case of delay in dispatch of Allotment Letters or instruction to the SCSBs by the Registrar

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI ICDR Regulations, our Company agrees that as far as possible Allotment of Equity Shares to the public and credit to the successful Applicants' Depository Accounts will be completed within 6 working days from the Offer Closing Date. Our Company further agrees that they shall pay interest at 15% per annum (for any delay beyond the 6 working days time period as mentioned above), if Allotment is not made, and/or demat credits are not made to investors within the 6 working day time prescribed above. However applications received after the closure of the Offer in fulfilment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.

Our Company will provide adequate funds required for dispatch of allotment advice to the Registrar to the Offer.

Refunds will be made by unblocking the ASBA Accounts.

Undertakings by our Company

Our Company undertakes the following:

1. That the complaints received in respect of this Offer shall be attended to by our Company expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed within 6 working days from the Offer Closing Date;

3. That if our Company does not proceed with the Offer after the Offer Closing Date, the reason thereof shall be given as a public notice within two working days of the Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
4. That the certificates of the securities/ refund orders to the eligible NRIs shall be dispatched within specified time;
5. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the application monies are refunded on account of non-listing, under-subscription etc.;
6. That the our Promoters' contribution in full has already been brought in; and
7. That if the Company withdraws the Offer after the Offer Closing Date, our company shall be required to file a fresh Draft Prospectus with thee ROC/SEBI, in the event our Company subsequently decides to proceed with the Issuer.

Utilisation of Offer proceeds

Our Board of Directors certifies that:

1. All monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in Section 40 of the Companies Act;
2. Details of all monies utilised out of Offer shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised; and
3. Details of all unutilised monies out of the Offer, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested.
4. Our Company shall comply with the requirements of SEBI Listing Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Offer.
5. Our Company shall not have recourse to the Offer proceeds until the receipt of final listing and trading approval for trading of the Equity Shares from the Stock Exchange where listing is sought.
6. The Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactorily.

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 RBI. Foreign investment is allowed up to 100% under automatic route in our Company

India's current Foreign Direct Investment ('FDI') Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GOI ("DIPP") by Consolidated FDI Policy Circular of 2015 with effect from May 12, 2015 ("Consolidated FDI Policy Circular of 2015") consolidates and subsumes all previous press notes, press releases and clarifications on FDI issued by the DIPP. The Government usually updates the consolidated circular on FDI Policy once every Year and therefore, Consolidated FDI Policy Circular of 2015 will be valid until the DIPP issues an updated circular

Subscription by foreign investors (NRIs/FPIs)

FPIs are permitted to subscribe to equity shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. SEBI registered FPIs have been permitted to purchase shares of an Indian company through offer, subject to total FPI investment being within the individual FPI/sub account investment limit of 10 per cent subject to the total sectoral cap of all FPIs/sub accounts put together being 24 per cent of the paid-up capital of the Indian Company

The transfer of equity shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the Takeovers Code (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

The Equity Shares have not been and will not be registered under the Securities Act, or any state securities laws of the United States and unless so registered, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold outside the United States in offshore transactions in reliance on Regulations under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Prospectus. Applicants are advised to make their independent investigations and ensure that the applications are not in violation of laws or regulations applicable to them.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI (ICDR) Regulations, the main provisions of the Articles of Association of the Company are detailed below:

Share capital

4. (I) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company with such rights, privileges and conditions respectively attached thereto as may be from time to time and the Company may sub-divide, consolidate and increase the Share Capital from time to time and upon the sub-division of Shares, apportion the right to participate in profits in any manner as between the Shares resulting from the sub-division.
 - (II) Any shares of the original or increased capital may from time to time be issued with guarantee or any right of preference whether in respect of dividend or of repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any shares previously issued or subject to any provisions or conditions and with any special right or limited right or without any right of voting and generally on such terms as the Company may from time to time determine.
 - (III) The right of the holders of any class of shares for the time being forming part of the capital of the Company, may be modified, affected, varied, extended or surrendered whether with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at separate meeting of the holders of the issued shares of that class.
5. Subject to the provision of Section 55 of the Act, the Company shall have power to issue preference shares which are or at the option of the Company are liable to be redeemed and the resolution authorizing such issue will prescribe the manner, terms and conditions of redemption.
 - 5A. Subject to the provisions of the Act and all other applicable provisions of law as may be in force at any time and from time to time, the Company may acquire, purchase, hold, resell any of its own fully/partly paid or redeemable shares and may make payment out of funds of its disposal for and in respect of such acquisitions/purchase on such terms and conditions and at such time as the Board may in its discretion decide and deem fit.
 - 5B. Subject to the provisions of the Act and all other applicable provisions of law as may be in force at any time and from time to time the Company may issue shares, either equity or any other kind with no voting rights or with varying voting rights and the resolutions authorizing such issue shall prescribe the terms and conditions of the issue.
 - 5C. Subject to the provisions of Section 66 of the Companies Act, 2013 and all other applicable provisions of law as may be in force at any time, and from time to time by a Special Resolution reduce its Capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law and in particular such capital may be called up again or otherwise. This Article shall derogate from any other power the Company would have, if this Article is omitted.
 6. Subject to the provisions of this Articles and the Act, the Shares shall be under the control of the Directors, who may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times as the Directors shall think fit and with full power to give any person the option to call for or be allotted share of any class of the Company at the par or premium and for such time and for such consideration as the Directors think fit, provided that option or right to call of shares shall not be given to any person without the sanction of the Company in General Meeting.
 7. The Directors may with the sanction of any ordinary resolution of the company, increase the share capital by such a sum to be divided into shares of such amount as the resolution shall prescribe.
 8. Subject to any direction to the contrary that may be given by the resolution sanctioning the increase of share capital all new shares shall before issue be offered to such persons as at the date of the offer are entitled to receive notice from the company of general meetings in proportion as far as possible to the amount of the existing to which they are entitled. The offer shall be made by notice specifying the number of shares offered

and limiting a time within which the offer if not accepted will be deemed to be declined and after the expiration of that time or on receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered the Directors may dispose of the same in such manner as they think most beneficial to the Company. The Directors may likewise so disposed off any new shares which (by reason of the ratio which the new shares bear to shares held by person entitled to an offer of new shares) cannot in the opinion of the Directors be conveniently offered under this article. Further on offer being made for issue of new shares existing share holder will have right to take the shares offered in their name or in the name of family members or in the name of the relatives and friends.

9. The new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture, expropriation and otherwise as the shares in the original share capital.
10. No person shall be whether or not the Company shall have express or other notice thereof recognized by the Company as holding any share upon trust and the Company shall not be bound or be compelled to recognize any equitable, contingent, future or partial interest in any shares or any interest in any fractional part of a share or (except only as by these regulations or by law otherwise expressly provided) any other right in respect of any share except in absolute right to the entirety thereof in the registered holder.
11. The Board may issue and allot shares in the Capital of the company as payment or part payment for any property sold or transferred or for any goods or machinery supplied or for service rendered to the Company in or about the conduct of its business and any shares which may be so allotted may be issued as either fully paid up or partly paid up shares.

Calls on shares

16. The Director may from time to time by resolution passed at a meeting of the Directors and not by a circular resolution make such calls as they think fit, upon the members in respect of all monies, unpaid on the shares held by them respectively (whether on account of nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every calls so made on him to the person and at the times and places appointed by the Directors a call may be made payable by installment.
17. In clause 13 (1 of Table "A") the words, "Provided that no call shall exceed one fourth of the nominal value of the shares or be payable at less than one month from the date fixed for the payment of the last proceeding call" shall be contained.
18. If by the terms of issue of any shares or otherwise any amount is made payable at any fixed time or by installments at any fixed times, whether on account of the amount of share or by way premium every such amount of installment shall be payable as if it were a call duly made by the Directors of which due notice had been given and all the provisions thereof with respect to the payment of calls and interest thereon or to the forfeiture of share for non-payment of calls, shall apply to every such amount or installment and the share in respect of which it is payable.
19. 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 not any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture such shares.
20. On the trial of hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the member should sued is entered in the Register as holder or one of the holders of the shares in respect of which such debt accrued that the resolution making the call duly recorded in the minute book and that notice of such call was duly given to the member sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Directors who made such call or any other matters whatsoever but the proof of the matters aforesaid shall be conclusive evidence of debt.
21. Any money due from the Company to a member may without the consent of such member be applied by the company in or towards payment of any money due from him to the company for calls or otherwise provided that moneys paid in advance of calls may carry interest but shall not in respect thereof be entitled to any voting rights or dividend or carry any right to participate in profits.
22. Every member or heirs, executors or administration shall pay to the Company the proportion of the capital

represented by his share of shares which may from time being remain unpaid thereon in such accounts at such time or times and in such manner as the Directors shall from time to time in accordance with the Company's regulations, require or fix for the payment thereof.

Transfer of shares

23. The Directors may at their absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares and in particular may so decline in respect of shares upon which the Company has a lien or whilst any member executing the transfer is either alone or jointly with any other person or persons indebted to the Company on any account whatsoever or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Director and such refusal shall not be affected by the fact that the proposed transferee is already a member. If the Directors refuse to register the transfer of any share they shall within one month after the date on which the transfer was lodged with the Company send to the transferee and to the transferor notice of refusal provided that registration of a transfer of 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 and ground whatsoever except a line on the shares.
24. When in the case of partly paid shares an application for registration is made by the transferor the transfer shall not be registered unless the company gives notice of the application to the transferee and the transferee makes on no objection to the transfer within two weeks from the receipt of the notice.
25. The instrument of transfer of any share shall be signed both by the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Such signature of such transfer shall be duly attested by the signature of one credible witness who shall add his address.
26. No transfer shall made to an insolvent or person of unsound mind.
27. No transfer fee shall be charged by the Company for any transfer registered until and unless the Directors decided otherwise.

Transmission of shares

28. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
29. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
30. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

31. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Forfeiture of shares

32. If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
33. The notice aforesaid shall—
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
 - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
34. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
35. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
36. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.
- (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
37. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
38. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

39. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be

divided into shares of such amount, as may be specified in the resolution.

40. Subject to the provisions of section 61, the company may, by ordinary resolution,—
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

41. Where shares are converted into stock,—

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

42. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,—

- (a) its share capital;
- (b) any capital redemption reserve account; or
- (c) any share premium account.

43. **BORROWING POWERS**

- (a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board :
- I. accept or renew deposits from Shareholders;
 - II. borrow money by way of issuance of Debentures ;
 - III. borrow money otherwise than on Debentures;
 - IV. accept deposits from Shareholders either in advance of calls or otherwise; and
 - V. generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

- (b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board (not by circular resolution) shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company (including its uncalled Capital), both present and future. and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

- (c) Subject to the applicable provisions of the Act and these Articles, any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.
- (d) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board. Company shall have the power to keep in any state or country outside India a branch register of debenture holders resident in that state or country.
- (e) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.
- (f) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

Capitalisation of profits

45. (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
- (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (C) partly in the way specified in sub-clause (A) and partly in that specified in sub clause (B);
- (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
- (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
46. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
- (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power—
- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
- (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to

which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

47. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

General meetings

48. All general meetings other than annual general meeting shall be called extraordinary general meeting.

49. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

50. Number of days' notice of General Meeting to be given : A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served. However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to :

(I) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(AI) Auditor or Auditors of the Company, and (BI) All Directors.

The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

51. The chairman of the Board of Director shall preside at every General Meeting but at any meeting he shall not be present within 15 minutes after the time appointed for holding the same or shall be unwilling to preside, the members present shall choose some Director or if no Director be present or if all the Directors present decline to take the chair they shall choose some member present to be the Chairman of the meeting.

Board of Directors

67. (i) The first Directors of the company shall be persons mentioned hereunder:

1) A. INICO INBARAJ 2) K.RAJA

(ii) The Board shall elect one of their members to be the chairman of the Board either for life or for such period as may be determined by the Board.

(iii) The person elected as Chairman can be appointed as well as the Managing Director or the Chief Executive Officer of the Company at the same time.

68. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

69. The Board may pay all expenses incurred in getting up and registering the company.
70. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
71. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
72. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
73. (i) Subject to the provisions of Section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

74. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
75. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.
- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
76. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
77. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
78. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
79. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

80. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
81. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
82. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

The Seal

94. (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Dividends and Reserve

95. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
96. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
97. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
98. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
99. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
100. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or

warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

101. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
102. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
103. No dividend shall bear interest against the company.

Accounts

104. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

AUDIT

105. Once atleast in every year account of the Company shall be examined and correctness of the Balance Sheet and Profit and Loss Account ascertained by one or more Auditors.
106. The Board may fill any casual vacancy in office of an Auditor except the one caused by the resignation of an Auditor which shall be filled by the Company in general meeting.
107. Every account of company when audited and approved by the General Meeting shall be conclusive.

NOTICES

108. A notice may be given by the Company to any member either personally or by sending it by ordinary post to him at his registered address or if he has no registered address in India to the address if any within India supplied by him to the Company for the giving of notice to him.
109. Any member of the Company entitled to attend and vote at a meeting of the company shall be entitled to appoint another person whether a member or not his proxy to attend and vote instead of himself. A proxy so appointed shall also have a right to speak at such meeting.

SECRECY

110. (a) Every Director, Manager, Auditor, 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 of the company with the customers and the state of account with 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 to do so by the directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these present contained.

(b) No member or other person unless he is a Director or other person in management of the affairs of the Company is to inspect or examine the company without the permission of the directors of the Company or officers authorized by the Directors for the time being to require discovery of or the Company's trading or any matters which is or may be in the nature of a trade secret mystery of trade or secret process or of any matter whatsoever which may relate to conduct of the company and which in the opinion of the Director or Officers authorized by the Directors it will be injudicious in the interest of the members of the Company to communicate.

Winding up

111. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

112. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus delivered to the RoC for registration, and also the documents for inspection referred to hereunder, may be inspected at our Registered Office at, 5/13 B, Pommys Nagar, Seithur Road, Dhalavaipuram, Virudhunagar District, Tamil Nadu - 626 188, India, from 10.00 am to 4.00 pm on Working Days from the date of the Draft Prospectus until the Bid/Issue Closing Date.

A Material Contracts to the Issue

1. Issue Agreement dated March 15, 2018, entered into among our Company and the Lead Manager.
2. Agreement dated December 08, 2017, entered into among our Company and the Registrar to the Issue.
3. Tripartite Agreement dated January 04, 2018 entered into among our Company, NSDL and the Registrar to the Issue.
4. Tripartite Agreement dated January 04, 2018 entered into among our Company, CDSL and the Registrar to the Issue.
5. Market Making Agreement dated [●] between our Company, Market Maker and the Lead Manager.
6. Escrow Agreement dated [●] entered into among our Company and the Lead Manager, the Syndicate Members, Escrow Collection Banks, and the Registrar to the Issue.
7. Underwriting Agreement dated [●] entered into among our Company, the Lead Manager and Syndicate Members.

B Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated December 3, 2009 and a fresh certificate of incorporation dated November 09, 2017 pursuant to conversion of our Company to public limited company.
3. Resolution of the Board of Directors of our Company and Equity Shareholders of our Company dated December 15, 2017 and December 30, 2017, respectively, authorizing the Issue and other related matters.
4. Resolution of the Board of Directors of our Company dated March 27, 2018 approving the Draft Prospectus and amendments thereto.
5. Copies of the annual reports of our Company for the five (5) fiscals immediately preceding the date of this Draft Prospectus i.e. for the year ended March 31, 2016, 2015, 2014, 2013 and 2012 and audited financials for the six months period ended September 30, 2017.
6. The examination reports of the Statutory Auditor, M/s. Vivekanandan Associates, Chartered Accountants, dated March 26, 2018 on our Company's restated financial information, and statement of tax benefits dated March 23, 2018 included in this Draft Prospectus.
7. Consents of Bankers to our Company, the lenders to the Company (*where such consent is required*), the Lead Manager, Registrar to the Issue, Legal counsel, Directors of our Company, Chief Financial Officer and Company Secretary and Compliance Officer, as referred to act, in their respective capacities.
8. Copy of in-principle approval from NSE Limited by way of letter dated [●], to use the name of NSE in this Draft Prospectus for listing of Equity Shares on NSE EMERGE.

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 with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by SEBI, as amended, as the case may be, have been complied with and no statement made in this Offer Document is contrary to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, as amended, the Securities and Exchange Board of India Act, 1992, as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Offer Document are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:

| | |
|---|---|
| <p>Sd/-</p> <p>Kumarasamy Raja <i>Chairman and Chief Executive Officer</i></p> | <p>Sd/-</p> <p>Inico Inbaraj <i>Managing Director</i></p> |
| <p>Sd/-</p> <p>Shyamaladevi Raja <i>Whole time director and Chief Financial Officer</i></p> | <p>Sd/-</p> <p>Neelapushpam Inico Inbaraj <i>Whole time director and Vice President</i></p> |
| <p>Sd/-</p> <p>Mahilan Irulappan <i>Independent Director</i></p> | <p>Sd/-</p> <p>Suresh Bohra <i>Independent Director</i></p> |
| <p>Sd/-</p> <p>Dinakaran Rajachandran <i>Independent Director</i></p> | <p>Sd/-</p> <p>Karuppaiah Ganesammal <i>Independent Director</i></p> |

Sd/-

V Rajagopalan
Company Secretary & Compliance Officer

Date: March 27, 2018

Place: Rajapalayam

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