

Draft Red Herring Prospectus

Dated: May 28, 2018

Read with Section 26 and 32 of the Companies Act, 2013

(The Draft Red Herring Prospectus will be updated

upon filing with the RoC)

100% Book Built Issue**SUMICOT LIMITED**

Our Company was originally incorporated as "Sumeet Poly Power Limited" at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to "Sumicot Limited" pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017 for the purpose of Corporate Rebranding. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028. For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled 'Our History and Certain Other Corporate Matters' beginning on page 171 of this Draft Red Herring Prospectus.

Registered Office: 504, Trivindh Chamber, Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India

Corporate Identification Number: U40106GJ2010PLC063028 **Tel. No.:** 0261- 2328902; **Fax No.** 0261 - 2334189

Contact Person: Varsha Maheshwari, Company Secretary and Compliance Officer

Email: info@sumicot.com ; **Website:** www.sumicot.com

PROMOTERS OF OUR COMPANY: RAKESH SOMANI, RAJKUMAR SOMANI, AKASHGANGA PROCESSORS PRIVATE LIMITED, BETEX INDIA LIMITED AND RANGILA FABRICS PRIVATE LIMITED

THE ISSUE

INITIAL PUBLIC OFFER CONSISTING OF FRESH ISSUE OF UPTO 57,80,000 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FULLY PAID FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (THE "ISSUE PRICE") (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. [●] LAKHS (THE "ISSUE"), OF WHICH [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS 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. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS IS HERINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] AND [●] RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10/- EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED IN [●] EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●] EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●] EDITIONS OF THE GUJARATI REGIONAL NEWSPAPER, EACH WITH WIDE CIRCULATION, AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND WILL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE EMERGE"), REFERRED TO AS THE "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON THEIR WEBSITE

In case of any revisions in the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLM and the terminals of the Syndicate Members (defined herein below).

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to the chapter titled "Issue Procedure" beginning on page 323 of this Draft Red Herring Prospectus. A copy of Draft Red Herring Prospectus has been delivered for registration to the Registrar of Companies as required under Section 32 of the Companies Act, 2013.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") the Issue is being made for at least 25% of the post-Issue paid-up Equity Share capital of our Company. The 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 ("SEBI (ICDR) Regulations"), wherein [●] % of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds and, the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Issue will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All investors (except Anchor Investors) shall participate in this Issue mandatorily through the Applications Supported by Blocked Amount ("ASBA") process by providing details of their respective bank accounts which will be blocked by SCSBs. For further details please refer the section titled "Issue Information" beginning on page 312 of this DRHP.

THE 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 ("SEBI (ICDR) REGULATIONS") READ WITH RULE 19(2)(b)(i) OF SECURITIES CONTRACT (REGULATION) ACT, 1957 ("SCRR"). FOR FURTHER DETAILS PLEASE REFER THE SECTION TITLED "ISSUE INFORMATION" BEGINNING ON PAGE 312 OF THIS DRAFT RED HERRING PROSPECTUS.

RISKS IN RELATION TO FIRST ISSUE

This being the first public Issue of securities of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10/- each. The Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Issue Price (determined and justified by our Company in consultation with the BRLM as stated in "Basis for Issue Price" on page 113 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued 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 Draft Red Herring Prospectus. **Specific attention of the investors is invited to the section "Risk Factors" beginning on page 24 of this Draft Red Herring Prospectus.**

COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue; that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

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

BOOK RUNNING LEAD MANAGER TO THE ISSUE

PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED
406-408, Keshva Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051, India
Tel: +91 22 6194 6700
Fax: +91 22 2659 8690
Website: www.pantomathgroup.com
Email: ipo@pantomathgroup.com
Investor Grievance Id: ipo@pantomathgroup.com
Contact Person: Hardik Bhuta
SEBI Registration No: INM000012110

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED
1st floor, Bharat Tin works Building, Opp. Vasant Oasis, Makwana Road,
Marol, Andheri (East), Mumbai - 400059, India
Tel: +91 22 62638200
Fax: +91 22 62638299
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com
Investor Grievance Id: investor@bigshareonline.com
Contact Person: Babu Raphael
SEBI Registration Number: INR000001385

BID/ISSUE PROGRAMME

ISSUE OPENED ON [●]*

ISSUE CLOSED ON [●]

* Our Company may in consideration with the BRLM consider participation by Anchor Investor. The Anchor investor shall bid on the Anchor Investor Bidding Date i.e. one Working Day prior to the Bid/issue Opening Date. Our Company may, in consultation with the BRLM, consider closing the Bidding by QIB Bidders one Working Day Prior to the Bid/Issue Closing Date in accordance with the SEBI regulation.

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The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended (“U.S. Securities Act”) or any state securities laws in the United States of America 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), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION I – GENERAL

DEFINITION AND ABBREVIATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

Term	Description
“Sumicot Limited” or “Sumicot”, “the Company”, or “our Company” or “we” or “us” or “our”, or “Issuer” or the “Issuer Company”	Unless the context otherwise requires, refers to Sumicot Limited, a Public Limited Company incorporated under the Companies Act, 1956 having its registered office at 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road, Surat – 395002, Gujarat, India

COMPANY RELATED TERMS

Term	Description
Articles or Articles of Association or AOA	The Articles of Association of our Company, as amended from time to time.
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013 <i>vide</i> Board resolution dated March 19, 2018
Auditor or Statutory Auditor	The statutory auditor of our Company, being M/s. B. Chordia & Co., Chartered Accountants.
Bankers to the Company	Such banks which are disclosed as bankers to our Company in the chapter titled “ <i>General Information</i> ” on page 77 of this Draft Red Herring Prospectus.
Board of Directors or the Board or our Board	The Board of Directors of our Company, as duly constituted from time to time, including Committee(s) thereof.
Chief Financial Officer (CFO)	The Chief Financial Officer of our Company being Ritesh Somani
CIN	Corporate Identification Number U40106GJ2010PLC063028
Company Secretary and Compliance Officer	The Company Secretary & Compliance Officer of our Company being Varsha Maheshwari
Corporate Office	The corporate office of our company is situated at 703, Trividh Chamber Opp. Fire Brigade Station, Ring Road Surat 395002, Gujarat, India.
Director(s)	Director(s) of our Company , unless otherwise specified
Equity Shareholders	Persons/ Entities holding Equity Shares of our Company
Equity Shares	Equity Shares of our Company of face value of Rs. 10 each fully paid up.
Executive Director(s)	The Managing Director and Whole-time Director(s) of our Company
Group Companies	Such Companies as are included in the chapter titled ‘ <i>Our Group Companies</i> ’ beginning on page 202 of this Draft Red Herring Prospectus
ISIN	International Securities Identification Number. In this case being INE00DA01013
KMP or Key Managerial Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations and Section

Term	Description
	2(51) of the Companies Act, 2013 and as identified in chapter titled “Our Management” on page 175 of this Draft Red Herring Prospectus
Materiality Policy	The policy adopted by our Board on April 02, 2018 for identification of group companies of our Company, outstanding litigation and outstanding dues to creditors in respect of our Company, pursuant to the disclosure requirements under the SEBI ICDR Regulations
MOA or Memorandum or Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, as disclosed in chapter titled “Our Management” on page 175 of this Draft Red Herring Prospectus
Promoters of our Company	Promoters of our Company being Rajkumar Somani, Rakesh Somani, Akashganga Processors Private Limited, Betex India Limited and Rangila Fabrics Private Limited
Peer Reviewed Auditor	Independent Auditor having a valid Peer Review Certificate in our case being M/s. B. Chordia & Co., Chartered Accountants.
Promoter Group	Includes such persons and entities constituting our promoter group in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations and as enlisted in the chapter titled “Our Promoter and Promoter Group” beginning on page 190 of this Draft Red Herring Prospectus.
Registered Office	The Registered office of our Company situated at 504, Trividh Chamber Opp.Fire Brigade Station, Ring Road Surat - 395002, Gujarat, India
Restated Standalone Financial Information	Restated statement of assets and liabilities as at March 31, 2013, 2014, 2015, 2016, 2017 and December 31, 2017 and restated statement of profit and loss and restated standalone statement of cash flows for each of fiscals ended March 31, 2013, 2014, 2015, 2016, 2017 and December 31, 2017 of our Company read along with all the schedules and notes thereto and included in “Financial Statements” on page 209 of this Draft Red Herring Prospectus
Roc / Registrar of Companies	Registrar of Companies, Ahmedabad, Gujarat at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur bus stop, Naranpura, Ahmedabad-380013, Gujarat, India.
Shareholders	Shareholders of our Company
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of our Company, as disclosed in chapter titled “Our Management” on page 175 of this Draft Red Herring Prospectus.
you, your or yours	Prospective investors in this Issue

ISSUE RELATED TERMS

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid Cum Application Form

Term	Description
Allocation/ Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Bidders
Allotment/ Allot/ Allotted	Issue and allotment of Equity Shares of our Company pursuant to the Issue of the Equity Shares to successful Bidders
Allottee(s)	Successful Bidders(s) to whom Equity Shares have been allotted.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Anchor Investor(s)	A qualified institutional buyer, applying under the Anchor investor portion, who has bid for an amount of at least Rs. 1000 Lakhs, in accordance with the requirements specified in the SEBI regulations and the Draft Red Herring Prospectus
Anchor Investor Allocation Notice	Notice or intimation of the allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares and includes any device, intimation or notice sent to Anchor Investors in the event that the issue price is higher than the Anchor Investor Allocation Price.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company, in consultation with the BRLM, on the Anchor Investor Bidding Date.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date	One working day prior to the Bid/Issue opening date on which Bids by Anchor Investors shall be submitted, prior to or after which the members of the syndicate will not accept any Bids from the Anchor Investors and allocation to Anchor Investors shall be completed
Anchor Investor Escrow Account(s)	Accounts opened for the Issue to which funds shall be transferred by Anchor Investors
Anchor Investor Issue Price	The final price at which Allotment will be made to Anchor Investors in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus, which shall be higher than or equal to the Issue Price
Anchor Investor Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid/ Issue Closing Date.
Anchor Investor Portion	Upto 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLM, to Anchor Investors on a discretionary basis, out of which one-third shall

Term	Description
	be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
ASBA / Application Supported by Blocked Amount	An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Application Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely New Delhi, Chennai, Kolkata, Surat and Mumbai.
Banker(s) to the Issue/ Public Issue Bank(s)	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being ICICI Bank Limited
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Bidders under the Issue and which is described under chapter titled “ <i>Issue Procedure</i> ” beginning on page 323 of this Draft Red Herring Prospectus.
Bid	An indication to make an offer during the Bid/Issue Period by a Bidder (other than an Anchor Investor) or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of an ASBA Form to subscribe for Equity Shares, at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue
Bid cum Application form	The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus
Bid Cum Application Collecting Intermediaries	1. a SCSB with whom the bank account to be blocked, is maintained 2. a syndicate member (or sub-syndicate member) If any 3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)(‘broker’) if any

Term	Description
	4. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity) 5. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
Bid Lot	[●] Equity shares and in multiples of [●] Equity Shares thereafter
Bid/ Issue Closing Date	Except in relation to Anchor Investors, The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Further, our Company may, in consultation with the BRLMs, decide to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date.
Bid/ Issue Opening Date	Except in relation to Anchor Investors, The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/ Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, or the QIB Bid/ Issue Closing Date, as the case may be (in either case inclusive of such date and the Bid/ Issue Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids, including any revisions thereof. Provided however that the Bidding/ Issue Period shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Bidder	Any prospective investor in the Issue, and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor
Bidding/collecting Centre	Centres at which the Designated Intermediaries shall accept the Bid Cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs

Term	Description
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Manager or BRLM	The Book Running Lead Manager to the Issue namely Pantomath Capital Advisors Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of National Stock Exchange of India Limited.
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/ transferred, after approval of Basis of Allotment by the Designated Stock Exchange. In the case of Anchor Investors CAN shall mean the note or advice or intimation of Allotment of Equity Shares sent to the Anchor Investors to whom Equity Shares have been Allotted.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids (or a revision thereof) will be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Cut-off Price	Issue Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Collecting Depository Participant or CDP	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 Branch/Designated Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at 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 Bidders/Applicants such as their address, PAN, occupation and bank account details
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which the Collection Banks transfer funds from the public issue accounts, and the SCSBs issue instructions

Term	Description
	for transfer of funds from the ASBA Accounts, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the respective Offered Shares.
Designated Intermediary(ies)	Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such centres of the RTAs where Bidder can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) and updated from time to time
Designated Stock Exchange	National Stock Exchange of India Limited
Designated CDP Locations	Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.nseindia.com) and updated from time to time
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated May 28, 2018 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof.
EMERGE Platform of NSE/ SME Exchange	The EMERGE Platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations
Escrow Collection Bank	Such Banks with whom Anchor Investor Escrow Account will be opened. In our case, ICICI Bank Limited will be Escrow Collection Bank
First/sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted
FII/ Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as

Term	Description
	amended) registered with SEBI under applicable laws in India.
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in “Issue Procedure” on page 323 of this Draft Red Herring Prospectus
Issue Closing Date	The date on which issue closes for subscription.
Issue Opening Date	The date on which issue opens for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.
Issue Price	The price at which Equity Shares are being issued and allotted by our Company under this Draft Red Herring Prospectus being Rs. [●]/- per Equity Share of face value of Rs. 10 each fully paid. Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue Price applicable to investors other than Anchor Investors
Issue Proceeds	Proceeds to be raised by our Company through this Issue being Rs. [●] lakhs, for further details please refer chapter title “Objects of the Issue” beginning on page 105 of this Draft Red Herring Prospectus.
Issue/ Issue Size/ Initial Public Issue/ Initial Public Offer/ Initial Public Offering/ IPO	Public Issue of upto 57,80,000 Equity Shares of face value Rs. 10 each fully paid of Sumicot Limited for cash at a price of Rs. [●] per Equity Share (the “Issue Price”) (including a premium of Rs.[●] per Equity Share) aggregating up to Rs. [●] Lakhs.
Issue Agreement	The agreement dated March 26, 2018 between our Company and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue.
Listing Agreement	The Equity Listing Agreement to be signed between our Company and the National Stock Exchange of India Limited.
Market Making Agreement	Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker.
Market Maker	Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who 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 any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	The Reserved Portion of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Issue.
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion),or [●] Equity shares which shall be available for

Term	Description
	allocation to Mutual Funds only
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company.
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
NSE	National Stock Exchange of India Limited
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non Institutional Bidders	All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs
Non-Resident	A person resident outside India, as defined under FEMA and includes FIIs and FPIs
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 as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Other Investors	Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Pay-in Period	The period commencing on the Bid/Issue Opening Date and extending until the closure of the Anchor Investor Pay-in Date.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Price Band	Price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price) including revisions thereof. The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national

Term	Description
	newspaper [●] and [●] edition of the Gujarati newspaper [●], each with wide circulation
Pricing date	The date on which our Company in consultation with the BRLM will finalise the Issue Price
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI (ICDR) Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information
Public Issue Account	The bank account opened with the Banker to the Issue i.e. ICICI Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date.
Public Issue Account Agreement/ Banker to the Issue Agreement	Agreement entered on March 26, 2018 amongst our Company, Book Running Lead Manager, the Registrar to the Issue and Public Issue Bank/Banker to the Issue for collection of the Bid Amount on the terms and conditions thereof.
QIB Portion	The portion of the Issue being [●]% of the Net Issue consisting of [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investor) subject to valid Bids being Received at or above the Issue Price
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1) (zd) of the SEBI (ICDR) Regulations, 2009.
Red Herring Prospectus or RHP	The Red Herring Prospectus dated [●] to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI (ICDR) Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made.
Refund Bank(s) / Refund Banker(s)	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited.
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Broker	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on

Term	Description
	http://www.nseindia.com/membership/dynaContent/find_a_broker.htm
Registrar /Registrar to the Issue	Registrar to the Issue being Bigshare Services Private Limited situated at Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra, India
Registrar Agreement	The agreement dated March 26, 2018 entered into by and among our Company, and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents 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
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Bidder(s)/Retail Individual Investor(s)/RII(s)/RIB(s)	Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i>), who apply for an amount less than or equal to Rs 2,00,000
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009
Reserved Category / Categories	Categories of persons eligible for making Bids under reservation portion.
SCSB/ Self Certified Syndicate Banker	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which Issue the service of making Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on 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
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time

Term	Description
Sub-syndicate members	A SEBI Registered member of NSE appointed by the BRLM and/ or Syndicate Member to act as a Sub-Syndicate Member in the Issue
Syndicate Agreement	Agreement dated [●] entered into amongst the BRLM, the Syndicate Members, our Company in relation to the procurement of Bid cum Application Forms by Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Pantomath Stock Brokers Pvt Ltd.
Syndicate or Members of the Syndicate	The BRLM and the Syndicate Members
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriter	Pantomath Capital Advisors Private Limited
Underwriting Agreement	The agreement dated [●] entered into between the Underwriter and our Company
Wilful Defaulter(s)	Wilful defaulter(s) as defined under Regulation 2(zn) of SEBI ICDR Regulations
Working Day	(i) Till Application/ Issue closing date: All days other than a Sunday or a public holiday, on which commercial banks in Mumbai are open for business; (ii) Post Application/ Issue closing date and till the Listing of Equity Shares: All trading days of stock exchanges excluding Sunday and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P?2016/26 dated January 21, 2016.

TECHNICAL AND INDUSTRY TERMS

Term	Description
ASEAN	Association of Southeast Asian Nations
CAGR	Compound Annual Growth Rate
CCEA	Cabinet Committee on Economic Affairs
CCEA	Cabinet Committee on Economic Affairs
CIC	Currency in Circulation
CPI	Consumer Price Index
CSO	Central Statistics Office
DGFT	Directorate General of Foreign Trade
EESL	Energy Efficiency Services Ltd
EV	Electric Vehicle
FDI	Foreign Direct Investment
GDP	Gross Domestic Production
GST	Goods and Service Tax
GVA	Gross Value Added
GW	Gigawatts
HDN	High Denomination notes
HVAC	Heating, ventilation, and air conditioning
IBC	Insolvency and Bankruptcy Code

Term	Description
ICAC	International Cotton Advisory Committee
IIP	Index of Industrial Production
IMF	International Monetary Fund
KVIC	Khadi and Village Industries Commission
MEIS	Merchandise Exports from India Scheme
MoU	Memorandum of Understanding
M-SIPS	Modified Special Incentive Package Scheme
MSME	Micro, Small & Medium Enterprises
MSP	Minimum Support Price
NBFC	Non-Banking Financial Company
OMO	Open Market Operations
PMP	Phased Manufacturing Programme
RBI	Reserve Bank of India
SAATHI	Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries
SCBTS	Scheme for Capacity Building in Textile Sector
SITP	Scheme for Integrated Textile Parks
TUFS	Technology Up-gradation Fund Scheme
UNIDO	United Nations Industrial Development Organization
US	United States
USDA	United States Department of Agriculture
WEO	World Economic Outlook
ASEAN	Association of Southeast Asian Nations
CAGR	Compound Annual Growth Rate
CCEA	Cabinet Committee on Economic Affairs
CCEA	Cabinet Committee on Economic Affairs
CIC	Currency in Circulation
CPI	Consumer Price Index
CSO	Central Statistics Office
DGFT	Directorate General of Foreign Trade
EESL	Energy Efficiency Services Ltd
EV	Electric Vehicle
FDI	Foreign Direct Investment
GDP	Gross Domestic Production
GST	Goods and Service Tax
GVA	Gross Value Added
GW	Gigawatts
HDN	High Denomination notes
HVAC	Heating, ventilation, and air conditioning
IBC	Insolvency and Bankruptcy Code
ICAC	International Cotton Advisory Committee
IIP	Index of Industrial Production
IMF	International Monetary Fund
KVIC	Khadi and Village Industries Commission
MEIS	Merchandise Exports from India Scheme
MoU	Memorandum of Understanding
M-SIPS	Modified Special Incentive Package Scheme

Term	Description
MSME	Micro, Small & Medium Enterprises
MSP	Minimum Support Price
NBFC	Non-Banking Financial Company
OMO	Open Market Operations
PMP	Phased Manufacturing Programme
RBI	Reserve Bank of India
SAATHI	Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries
SCBTS	Scheme for Capacity Building in Textile Sector
SITP	Scheme for Integrated Textile Parks
TUFS	Technology Up-gradation Fund Scheme
UNIDO	United Nations Industrial Development Organization
US	United States
USDA	United States Department of Agriculture
WEO	World Economic Outlook

CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS

Term	Description
A.Y./AY	Assessment Year
A/C	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
AoA	Articles of Association
AS/Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Application Supported by Blocked Amount
BIFR	Board for Industrial and Financial Reconstruction
BRLM	Book Running Lead Manager
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investors	FPIs who are registered as - Category I foreign portfolio investors under the SEBI FPI Regulations
Category II Foreign Portfolio Investors	FPIs who are registered as - Category II foreign portfolio investors under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as - Category III foreign portfolio investors under the SEBI FPI Regulations
CC	Cash Credit
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CFO	Chief Financial Officer
CIN	Corporate Identification Number
Cm	Centimetre
CMD	Chairman and Managing Director
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013.

Term	Description
Companies Act, 2013	The Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections
CS	Company Secretary
CST	Central Sales Tax
Depositories	NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time
Depositories Act	The Depositories Act, 1996, as amended from time to time.
DGFT	Directorate General of Foreign Trade
DIN	Director Identification Number
DIPP	Department of Industrial Policy & Promotion
DP	Depository Participant
DP ID	Depository Participant's Identity
EBIDTA	Earnings before interest, depreciation, tax, amortization and extraordinary items
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
EPFA	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
F.Y./FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
FII(s)	Foreign Institutional Investor, as defined under the FII Regulations and registered with the SEBI under applicable laws in India
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India
FIs	Financial Institutions
FPI(s)	Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992
FV	Face Value
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000

Term	Description
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GIR Number	General Index Registry number
GoI / Government	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended.
ICAI	Institute of Chartered Accountants of India
ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations/Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time
IFRS	International Financial Reporting Standards
Indian GAAP	Generally Accepted Accounting Principles in India
INR	Indian National Rupee
IPO	Initial Public Offering
IRDA	Insurance Regulatory and Development Authority
IT Authorities	Income Tax Authorities
IT Rules	The Income Tax Rules, 1962, as amended from time to time
Key Managerial Personnel / KMP	The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled “ <i>Our Management</i> ” beginning on page 175 of this Draft Red Herring Prospectus
KVA	Kilovolt-ampere
Listing Regulations / SEBI Listing Regulations/ SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
Ltd.	Limited
MD	Managing Director
MICR	Magnetic Ink Character Recognition
Mn	Million
MoA	Memorandum of Association
MoF	Ministry of Finance, Government of India
MoU	Memorandum of Understanding
N/A or N.A.	Not Applicable
NAV	Net Asset Value
NBFC	Non Banking Finance Company
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
NI Act	Negotiable Instruments Act, 1881
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident (External) Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange

Term	Description
	Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Pvt.	Private
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoC	Registrar of Companies
RoNW	Return on Net Worth
Rs. / INR	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations
Sec	Section
SME	Small Medium Enterprise
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange (s)	SME Platform of NSE Limited
STT	Securities Transaction Tax

Term	Description
Sub-Account	Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals.
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
TNW	Total Net Worth
TRS	Transaction Registration Slip
U.S. GAAP	Generally accepted accounting principles in the United States of America
u/s	Under Section
UIN	Unique Identification Number
UOI	Union of India
US/ U.S. / USA/ United States	United States of America
USD / US\$ / \$	United States Dollar, the official currency of the United States of America
UV	Ultraviolet
VAT	Value Added Tax
VCF / Venture Capital Fund	Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
w.e.f.	With effect from
WDV	Written Down Value
WTD	Whole-time Director
YoY	Year over year

Notwithstanding the following: -

- i. In the section titled “*Main Provisions of the Articles of Association*” beginning on page 383 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- ii. In the section titled “*Financial Statements*” beginning on page 209 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- iii. In the section titled “*Risk Factor*” beginning on page 24 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- iv. In the chapter titled “*Statement of Possible Tax Benefits*” beginning on page 116 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- v. In the chapter titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on page 251 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

FINANCIAL DATA

Unless stated otherwise, the financial data included in this Draft Red Herring Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled “*Financial Statements as Restated*” beginning on page 209 this Draft Red Herring Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

Our fiscal year commences on April 1st of each year and ends on March 31st of the next year. All references to a particular fiscal year are to the 12 month period ended March 31st of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian Accounting Practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion / bn./ Billions’ means ‘one hundred crores’.

INDUSTRY AND MARKET DATA

Unless stated otherwise, Industry and Market data and various forecasts used throughout this Draft Red Herring Prospectus have been obtained from publically available information, Industry Sources and Government Publications.

Industry Sources as well as Government Publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although we believe that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by the Book Running Lead Manager or our Company or any of their affiliates or advisors. 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” beginning on page 24 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

Further, the extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENT

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. 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 and property valuations to differ materially from those contemplated by the relevant forward looking statement.

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

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the Industry which we operate;
- Factors affecting the Industry in which we operate;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our failure to keep pace with rapid changes in technology;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of Interest with affiliated companies, the promoter group and other related parties; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 24 and 251 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Future looking statements speak only as of the date of this Draft Red Herring Prospectus. Neither we, our Directors, Book Running Lead Manager, Underwriter nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the BRLM and our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.

SECTION II – RISK FACTORS

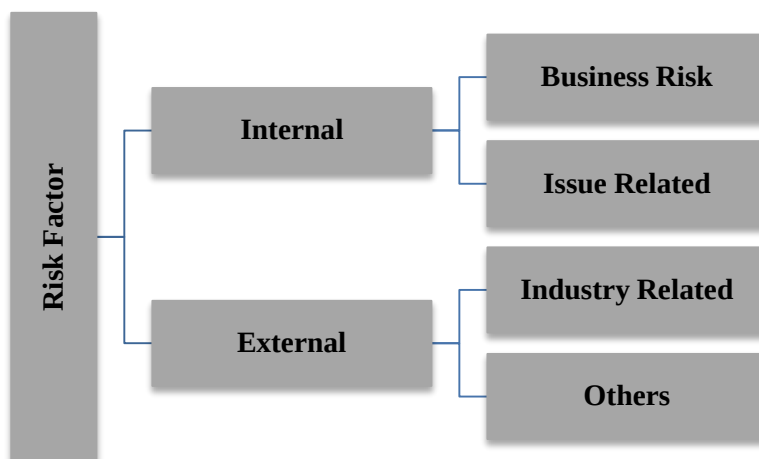
An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this Offer including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or any part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act, 2013 and its applicable Companies Act Rules (as amended from time to time) and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 140, “Our Industry” beginning on page 119 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on page 251 respectively, of this Draft Red Herring Prospectus as well as other financial information contained herein.

The following factors have been considered for determining the materiality of Risk Factors:

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

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of the Company used in this section is derived from our financial statements under Indian GAAP, as restated in this Draft Red Herring Prospectus. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviation” beginning on page 3 of this Draft Red Herring Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another. The risk factors are classified as under for the sake of better clarity and increased understanding:



INTERNAL RISK FACTORS

BUSINESS RISK

1. ***Our Company, Promoter Companies, Promoter and Directors are currently involved in certain litigation which are pending at various stages. Currently our Group Company, Promoter-Director and Director are also involved in a proceeding before SEBI; in a previous order passed by Whole Time Member of SEBI it had imposed total penalty amounting to Rs. 6,20,00,000/- and debarred all the three of them from accessing capital markets for a period of 3 years, 2 years and 2 years respectively. However, this order was set aside by SAT and was sent back to SEBI for fresh order any adverse decision in such proceedings may render us liable to liabilities and penalties and may adversely affect our business and results of operations.***

A classification of legal proceedings is mentioned below:

Also, there is no assurance that in future, we, our promoters, our directors or group companies may not face legal proceedings; any adverse decision in such legal proceedings may impact our business. For further details in relation to legal proceedings involving our Company, Promoters, Directors, Group Company and Subsidiaries see the chapter titled “Outstanding Litigation and Material Developments” on page 272 of this Draft Red Herring Prospectus.

Name of Entity	Criminal Proceedings	Civil/ Arbitration Proceedings	Tax Proceedings	Labour Disputes	Consumer Complaints	Complaints under Section 138 of NI Act, 1881	Aggregate amount involved (Rs. In lakhs)
Company							
By the Company	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Company	Nil	Nil	1	1	Nil	Nil	27.55*
Promoters							
By the Promoter	Nil	Nil	2	Nil	Nil	Nil	7.04**
Against the Promoter	Nil	Nil	23	Nil	Nil	Nil	2331.93
Group Companies							
By Group Companies	Nil	Nil	1	Nil	Nil	Nil	5.68
Against Group Companies	Nil	2	4	Nil	Nil	Nil	806.63
Directors other than promoters							

By the Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Directors	Nil	Nil	2	Nil	Nil	Nil	0.41
Subsidiaries							
By the Subsidiaries	N.A.* **	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

*The amount involved in labour dispute is not ascertainable.

**The interest in two excise cases is not determinable.

***N.A. = Not Applicable

2. *Raw materials constitute a significant percentage of the Company's total expenses. Particularly, any increase in cotton prices and any decrease in the supply of cotton would materially adversely affect the Company's business.*

Raw materials constitute a significant percentage of the total expenses of the Company. Raw materials costs accounted for 74.75% and 70.11% of total expenses for period ended 31st Dec, 2017 and 31st March, 2017 respectively. The primary raw material used by the Company is cotton. We are exposed to fluctuations in the prices of our major raw material, Cotton bales. Thus, we may be unable to control factors affecting the price at which we procure our raw material. We also face the risks associated with compensating for or passing on such increase in our cost of production on account of such fluctuations in prices to our customers. Upward fluctuations in the prices of raw material may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. However, Company operates on receiving advance orders and accordingly plans to minimize the impact of raw material price fluctuation. For further details of our procurement operations and our cost of production, refer chapters titled “Our Business” and “Financial Statements as restated” beginning on page 140 and 209 of this Draft Red Herring Prospectus.

3. *Our Company is in its initial phase and is currently relying on the brand image of our group company, Sumeet Industries Limited*

Products in the textile industry are sold on the basis of brand image created in the market. Our group company, Sumeet Industries Ltd is more than 2 decade old company who has established itself as a trusted brand. Since our Company has recently commissioned its operation, entering into market and getting orders from new customers is tougher without an established brand image. However, we have been able to gain market share with the help of our group company's brand image, “Sumeet”. Although, our Company is not using the brand name of Sumeet, however, their established track record has aided us to get an easy access to large corporate house and cater to market easier.

Our Company is in an ongoing process of building its own brand image, however, our inability to establish ourselves as a renowned player in the textile industry will affect our operations adversely. Further, we may not assure that we will be able to continue to ride our success on track record of our group Company, or at favorable terms adversely affecting us to establish ourselves as we are in initial phase of the business.

4. *Cotton is a highly flammable commodity. Any fire, or such mishaps or accidents at the Company's facilities could lead to property damages, property loss and accident claims*

Cotton being a highly flammable commodity, every stage from procurement, processing, storage and transportation to trading is fraught with an imminent danger of an instant fire. The risk of fire hazard is increased due to increased automation and use of large volume of air for material handling. Blow room and carding area are more prone to such hazard. Any spark generated at these places can not only generate fire but also the same could propagate to other machines through cotton conveying. Though we have

taken insurance policy to cover damage caused by fire however, the cover may not be adequate to the loss suffered.

5. *Our Company at present do not have diversity in their product offering.*

In the textile industry, any Company that are engaged in the manufacturing of both cotton and blended yarn, i.e., use of both cotton and synthetic fibre, are better able to manage cyclicalities than pure cotton yarn units. A diversified product mix with textile variants in addition to yarn and forward integration reduces the impact of cotton price fluctuations on profitability. Further, with the availability of diversified product portfolio, more options are provided to customers to choose from. Likewise, a wider range of fabrics, colours, and designs helps forge strong relationships with garment exporters and international retailers, resulting in a preferred vendor status. Our Company is present only in cotton yarn segment, and hence stands at an uncomfortable position where we may lose certain customers demanding varieties of options.

6. *Our Company have witnessed high growth rate since inception, such rate of growth may not sustain in the future.*

The details of our Total Revenue and Profit After Tax since inception of the business is as under:

(Amount in Rs. Lakhs)

Particulars	For the period ended Dec 31, 2017	April 01, 2016 – March 31, 2017	April 01, 2015 – March 31, 2016	April 01, 2014 – March 31, 2015
Total Revenue	14,784.40	10,547.62	6,753.76	3,863.99
Growth rate	40.17%	56.16%	74.79%	-
Profit After Tax	774.13	595.99	80.35	296.97
Growth rate	29.88%	641.74%	(72.94%)	-

Our Company has witnessed high growth rate in both revenue and profitability since inception which is due to growing demand of our products and widening our customer base. However, this growth rate may not be sustainable and we may not be able to assure that our Company would be able to grow at the same kind of rate in the coming years.

7. *Textile is a capital intensive industry, we may not be able to continuously invest in our capex activities due to fund constraints, or any other reasons internal or external.*

Textile industry in general is capital intensive and requires continuous investment in capital asset for expansion of its manufacturing capacity for continuous growth. Since most of the facility runs at optimum capacity, any increase in demand or market more than current production capacity, will require capacity expansion. Our Company is currently running at an optimum capacity and generated Rs. 14,784.40 Lakhs in Total Revenue for the period ended December 31, 2017.

Since our Company is growing both in terms of revenue and production, any further increase in demand from our customers, our expansion in new markets will require us to invest in new machinery to add more capacity. Such expansion will require us extensive capital investment in our manufacturing facility which may cause stress on our financials as we may be required to take rely on our lenders/financial institutions for funding the capacity expansion. Further, we may not be able to generate sufficient revenue and profitability from such expansion affecting our business adversely.

8. *We have a very limited operating history of our manufacturing operations, which may make it difficult for investors to evaluate our historical performance or future prospects.*

Our Company commenced its business operation recently in FY 2014-15 and have very limited operating history as a Company from which one can evaluate our business, future prospects and viability. Our future

revenues and profitability are difficult to estimate and could fluctuate significantly and as a result the price of our equity shares may be volatile. For further details, see the section titled “*Our History and Certain Corporate Matters*” and “*Financial Statements as Restated*” at page 171 and 209 respectively of this Draft Red Herring Prospectus.

9. *Failure to comply with the conditions applicable under Gujarat Textile Policy, 2012, being availed by us, may render our Company ineligible for interest or capital subsidies*

Our Company presently avails Subsidy facilities under the Gujarat Textile Policy, 2012. We have received interest subsidy and GST refund under Gujarat Textile Policy, 2012. Such interest or capital subsidies are allowed subject to fulfilment of conditions provided therein. If we fail to comply with the conditions stipulated under these policies, our Company may be denied the interest or capital subsidy, making its operations less cost effective.

10. *We may be unable to attract and retain employees with the requisite skills, expertise and experience, which would adversely affect our operations, business growth and financial results*

We rely on the skills, expertise and experience of our employees to provide quality services to our customers. Our employees may terminate their employment with us prematurely and we may not be able to retain them. Experienced and skilled workers in the textile industry are highly sought after, and competition for talent is intense. If we experience any failure to attract and retain competent personnel or any material increase in labour costs as a result of the shortage of skilled labour, our competitiveness and business would be damaged, thereby adversely affecting our financial condition and operating results. Further, if we fail to identify suitable replacements of our departed staff, our business and operation could be adversely affected and our future growth and expansions may be inhibited.

11. *Our business is subject to seasonal volatility, which may contribute to fluctuations in our results of operations and financial condition.*

The major raw material used by our Company is Cotton. Due to the seasonal availability of the Cotton, our industry is seasonal in nature. The period during which our business may experience higher revenues varies from season to season. During the crop season we are able to procure the cotton at reasonable terms and in large quantities. Whereas during the off season the availability of the cotton is less and also there are price variations.

Accordingly, our revenue in one quarter may not accurately reflect the revenue trend for the whole Financial Year. The seasonality and cyclical of our industry may cause fluctuations in our results of operations and financial condition.

12. *Our revenues are significantly dependent upon sales of our main products that are yarn.*

Our core business is the manufacturing of cotton yarn and cotton fabric. Consequently, our income is significantly dependent on sales of yarn and over the years, such sales have emerged as the major contributor to our revenue and business. Our continued reliance on sales of our product for a significant portion of our revenue exposes us to risks, including the potential reduction in the demand for such product in the future; increased competition from domestic and regional manufacturers; cost-effective technology; fluctuations in the price and availability of the raw materials; changes in regulations and import duties; and the cyclical nature of our customers’ businesses. One or more such reasons may affect our revenues and income from sales of our products and thereby adversely affect our business, profitability, cash flows and results of operations.

13. *Our Company has Export Obligation which are outstanding under the Scheme availed for Import of Capital Goods.*

Our Company is engaged in manufacturing of cotton yarn and cotton fabrics. Further our Company have availed benefit and saved Custom duty on import of Capital goods for which we have certain obligation

to export under the Export Promotion Capital Goods Scheme. Export Obligation under EPCG Scheme is required to be fulfilled by export of goods manufacture by us in proportion of the total duty saved on import of capital goods, to be fulfilled in 6 years reckoned from authorization issue date. Any failure to comply with export Obligation will affect the financial position of our Company. For details, please refer to the section titled "Our Business" and "Government and other Approvals" beginning on page 140 and 293 respectively of this Draft Red Herring Prospectus.

14. *We generate our major portion of sales from our operations in Gujarat. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.*

A major portion of our revenue is generated from the state of Gujarat. Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations.

Factors such as competition, culture, regulatory regimes, business practices and customs, industry needs, transportation, in other markets where we may expand our operations may differ from those in which we are currently offering. In addition, as we enter new geographical areas, we are likely to compete not only with national players, but also local players who might have an established local presence, are more familiar with local regulations, business practices and industry needs, have stronger relationships with local distributors, dealers, relevant government authorities, and are in a stronger financial position than us, all of which may give them a competitive advantage over us. Our inability to expand into areas outside Gujarat market may adversely affect our business prospects, financial conditions and results of operations.

15. *Reduction or termination of policies instituted to promote growth of the textile sector may adversely affect our business.*

The Government of India has instituted several policies to promote the growth of the Indian textile sector. These include interest rate subsidies, power duty exemptions among others. Our Company avails certain benefits under such promotional policies, the brief of which is provided under chapter titled "Key Industry Regulations and Policies" on page 157 of this Draft Red Herring Prospectus. Termination of or variation in the terms of such policy (ies) can adversely impact our profitability and/ or our business operations.

16. *Our top customers contribute significantly to our revenues for the period ended December 31, 2017. Any loss of business from one or more of them may adversely affect our revenues and profitability.*

Our top 10 and top 5 customers contributed 75.89% and 69.84% of our revenues for the period ended December 31, 2017. However, the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business. Any decline in our quality standards, growing competition and any change in the demand for our services by these customers may adversely affect our ability to retain them. We believe we have maintained good and long term relationships with our customers. However, there can be no assurance that we will continue to have such long term relationship with them also any delay or default in payment by these customers may adversely affect our business, financial condition and results of operations. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability.

17. *Our top suppliers contributes major portion of our total raw material purchases. Any disruption in supplies from them may adversely affect our production process.*

Our top 10 and top 5 suppliers contributes around 51.68% and 41.72% of our Total Raw material purchases for the period ending December 31, 2017. We do not have any formal agreement with our raw material suppliers. Though we maintain good relations with them, there can be no assurance that we shall

be able to continue such relations with any or all of them. Any disruption in supplies from these parties may require us to find additional suppliers. There can be no assurance that we shall be able to find additional suppliers in time or transact business with them on favourable terms and conditions or the quality of products supplied by these suppliers will be at par with those of our existing suppliers. Since such suppliers are not contractually bound to deal with us exclusively, we may face the risk of losing their services to our competitors. Any disruption in supplies from our suppliers due to inexistence of contracts may adversely affect our production process, trading activity and consequently our results of operations.

18. Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.

Our business is working capital intensive and requires significant portion of working capital and major portion of which is utilized towards trade receivables and trade payables. Further, our Company intends to continue growing by reaching out to newer clients/ customers and also increasing the sales in the existing customer base. Our growing scale and expansion, may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out of debts, could adversely affect our financial condition and result of our operations. Summary of our working capital position is given below:-

Amount (Rs. In lakhs)

Particulars	For the period ended 31 st Dec, 2017	For the year ended 31 st March			
		2017	2016	2015	2014
A. Current Assets					
Inventories	2,044.27	1,763.08	1,158.20	898.81	-
Trade Receivables	3,349.98	2,503.12	1,215.18	747.59	-
Cash and Cash Equivalents	258.87	124.74	81.01	65.98	62.32
Short Term Loans & Advances	2.17	0.40	2.74	7.55	0.14
Other Current Assets	2,262.72	1,568.26	1,020.41	743.70	7.03
B. Current Liabilities					
Trade Payables	1,951.41	1,110.14	374.94	282.98	-
Other Current Liabilities	1,423.27	1,674.02	907.17	706.84	3.04
Short Term Provisions	350.84	122.42	23.71	18.22	0.19
Working Capital (A-B)	4,192.49	3,053.01	2,171.72	1,455.59	66.25
Trade Receivables as % of total current assets	59.24%	57.00%	49.46%	43.47%	0.00%
Trade Payables as % of total current liabilities	52.38%	38.19%	28.71%	28.07%	0.00%

19. Our Company has a negative cash flow in its operating activities as well as investing activities in the past 3 years, details of which are given below. Sustained negative cash flow could impact our growth and business.

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

Amount (Rs. In lakhs)

Particulars	For the period ended 31 st Dec, 2017	For the year ended 31 st March			
		2017	2016	2015	2014
Cash Flow from / (used in) Operating Activities	1,401.63	694.84	1,030.67	(650.25)	(492.15)
Cash Flow from / (used in) Investing Activities	(223.82)	(5,718.97)	(759.94)	(2,421.60)	(4,397.12)
Cash Flow from / (used in) Financing Activities	(1,043.67)	5,067.86	(255.71)	3,075.51	4,941.50

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

20. The operations of our Company are subject to manufacturing risk and may be disrupted by failure in the facilities. These liabilities and costs could have a material adverse effect on our business, results of operations and financial condition.

Due to the nature of the business we are required to be compliant with requisite safety requirements and standards. Our manufacturing facilities are subject to operating risk arising from compliance with the directives of relevant government authorities. The operations of our Company are also subject to operating risks, such as breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, earthquakes and other natural disasters and industrial accidents, fire or explosion, including hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment and environmental damage. Such operating risks may result in non-compliance with government regulations, property damage and personal injury which may result in the imposition of civil and criminal penalties, which may adversely affect public perception about our operations and the perception of our suppliers, clients and employees.

21. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of products. If we over-stock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

22. We have not entered into any technical support service for the maintenance and smooth functioning of our equipment's and machineries, which may affect our performance.

Our manufacturing processes involve daily use of technical equipment's and machineries. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Our company has not entered into any technical support service agreements with any competent third

party. However, Company has an in-house team for maintenance and advancement of machinery. Our failure to reduce the downtime in case such events occur may adversely affect our productivity, business and results of operations.

23. *Conflicts of interest may arise out of common business objects of our Group Company and Promoter Group entities.*

We have certain Promoter Group Entity which has similar objects as those which are carried on by our Company. Owing to similar objects, conflict of interests may arise in allocating business opportunities amongst our Company and Promoter Group Entity in circumstances where our respective interests diverge. Further, we do not have any non-compete agreement / arrangement with our group companies. In cases of conflict, our Promoter may favour other company in which our Promoter has interests. There can be no assurance that our Promoter or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

24. *Some of our Group Company have incurred losses, which may have an adverse effect on our reputation and business.*

The following table sets forth the details of our loss-making Group Company:

Amount in Rs. lakhs

S. No.	Name of the Company	Profit / (Loss) for Fiscal 2017	Profit / (Loss) for Fiscal 2016	Profit / (Loss) for Fiscal 2015
1.	Global Denims Private Limited	(1.97)	(0.60)	(0.12)

There can be no assurance that our Group Company will not incur losses in the future, which may have an adverse effect on our reputation and business.

25. *We operate in a highly competitive environment and may not be able to maintain our market position, which may adversely impact our business, results of operations and financial condition.*

The textile industry in particular, is highly and increasingly competitive and unorganised, and our results of operations and financial condition are sensitive too, and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations.

The segment to which we cater is fragmented and continues to be dominated by unorganised suppliers. We believe that in order to compete effectively, we must continue to maintain our reputation, be flexible and innovative in responding to rapidly changing market demands and consumer preferences, and offer consumers a wide variety of high quality Products at competitive prices.. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

26. *Our operations are subject to environmental, workers' health and safety and employee laws and regulations. We may incur material costs to comply with, or suffer material liabilities or other adverse consequences as a result of, environmental laws and regulations which may have a material adverse effect on our business, financial condition and results of operations.*

Our operations are subject to extensive environmental and hazardous waste management laws and regulations in India, including the Environmental Protection Act, 1986, as amended (the "Environment Act"), the Air (Prevention and Control of Pollution) Act, 1981, as amended (the "Air Act"), the Water

(Prevention and Control of Pollution) Act, 1974, as amended (the "Water Act") and other regulations promulgated by the MoEF and various statutory and regulatory authorities and agencies in India. The impact of these laws and regulations, or any changes to such laws or regulations, may be significant and may delay the commencement of, or cause interruptions to, our operations. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our financial condition and results of operations. Though, we have been complying with / rectifying such lapses on regular basis we may incur, and expect to continue to incur, significant capital and operating costs to comply with these requirements, including various provisions made for environmental related expenditure.

27. *Our manufacturing facility is located at Dahej, Gujarat. Any delay in production at, or shutdown of, or any interruption for a significant period of time, in this facility may in turn adversely affect our business, financial condition and results of operations.*

Our Company has its manufacturing facility located at Dahej, Gujarat. Our success depends on our ability to successfully utilize these manufacturing facilities to its utmost capacities and deliver our products in order to meet our customer demands in a timely manner. Our manufacturing facility are susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, plant and machinery, power supply or processes, performance below expected levels of output or efficiency, obsolescence, terrorist attacks, acts of war, break-ins, natural disasters such as earthquakes and industrial accidents and other similar events beyond our control. Further, our manufacturing facility is also subject to operating risks arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties. If our Company experiences delays in production or shutdowns due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

28. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.*

Modernization and technology up-gradation is essential to provide better quality product. Although we strive to keep our technology in line with the latest standards, we may be required to implement new technology or upgrade the existing employed by us. Further, the costs in upgrading our technology could be significant which could substantially affect our finances and operations. Our failure or inability to incorporate any change in technology might place our competitors at an advantage in terms of costs, efficiency and timely delivery of the final products.

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

Our Company has entered into various transactions with our Promoters, Directors and Promoter Group. While we believe that all such transactions are conducted on arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions were not entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in future in compliance with the applicable law. There can be no assurance that such transactions, individually or in aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to chapter "Related Party Transactions" beginning on page 207 of the Draft Red Herring Prospectus.

30. We are subject to foreign currency exchange rate fluctuations which could have a material and adverse effect on our results of operations and financial conditions.

Our Company derived approx. 9.5% of revenue from deemed export operations for the period ended 31st Dec, 2017. We export our finished products to foreign markets and receive sale proceeds in foreign currency. Our foreign exchange transactions are hedged as per the market conditions. Changes in value of currencies with respect to the Rupee may cause fluctuations in our operating results expressed in Rupees. The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in future. As our exposures are not hedged, we are exposed to foreign currency fluctuation risk and may affect our Company's results of operations.

31. We require a number of approvals, licences, registrations and permits in the ordinary course of our business. All the approvals except GST Registration Certificate are required to be transferred in the name from Sumeet Poly Power Limited to Sumicot Limited and any failure or delay in obtaining the same in a timely manner may adversely affect our operations. Our Company has not applied for registrations of Udyog Aadhaar Memorandum and Employees State Insurance Certificate; in case of failure in obtaining any of the above relevant approvals, it may adversely affect our operations.

We need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course of our business. In case of delay or failure to obtain the same, it could adversely affect our business operations. Additionally, any failure to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Additionally, our company has not applied for change of name of the approval/s as mentioned in "material licenses/ approvals for which the Company is yet to apply" as elaborated in the Government and Other Statutory Approvals Chapter. For more information, see the chapter "Government and Other Statutory Approvals" on page 293 of this Draft Red Herring Prospectus.

32. We depend on certain brand names and our corporate name and logo that we may not be able to protect and/or maintain. We have a logo which is used for our business purposes. Further, the said logo is registered with the Registrar of Trademarks.

Since our Logo is registered with the Registrar of Trademarks, in case of expiry or failure of renewal of the logo, we may be faced with situations which may adversely affect our business.

Further, our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business, financial condition, results of operations and prospects.

The material approvals, licences or permits required for our business include trade licence, GST certificate, environment laws and shops and establishment licences, amongst others. See "Government and other Statutory Approvals" on page 293 of this Draft Red Herring Prospectus for further details on the required material approvals for the operation of our business.

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

As on December 31, 2017, our Company has unsecured loans amounting to Rs. 1417.56 lakhs as per Restated Standalone Financial Statements from related and other parties. Further, some of these loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse

effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer the chapter titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus.

34. *The industry segments in which we operate being fragmented, we face competition from other players, which may affect our business operational and financial conditions.*

The yarn industry is growing rapidly and hence it is competitive on account of both the small and large players. Players in this industry generally compete with each other on key attributes such as technical competence, quality of yarn, strong clientele, pricing and timeliness of delivery. Some of our competitors may have longer industry experience and greater financial, technical and other resources, which may enable them to react faster in changing market scenario and remain competitive. Growing competition may result in a decline in our market share and may affect our margins which may adversely affect our business operations and our financial condition.

35. *We are subject to various laws and regulations relating to the handling and disposal of any hazardous materials and wastes being generated from our assembly facility. If we fail to comply with such laws and regulations, we can be subjected to prosecution, including imprisonment and fines or incur costs that could have a material adverse effect on the success of our business.*

We are required to obtain registrations from the relevant State Pollution Control Board to be able to handle and dispose hazardous and wastes. We are also required to take a number of precautionary measures and follow prescribed practices in this regard.

Further, our company is subject to following certain rules and guidelines, but not limited to:

- a. Gujarat Textile Policy 2012;
- b. Industrial Disputes Act, 1947 (“ID Act”) and Industrial Dispute (Central) Rules, 1957;
- c. The Factories Act, 1948;
- d. The Environment Protection Act, 1986;
- e. Water (Prevention and Control of Pollution) Act, 1974;
- f. Foreign Exchange Management Act, 1999.

Our failure to comply with these laws could result in us being prosecuted, including our directors and officers responsible for compliance being subjected to imprisonment and fines. We may also be liable for damage caused to the environment. Any such action could adversely affect our business and financial condition.

36. *The shortage or non-availability of power facilities may adversely affect our operations and have an adverse impact on our results of operations and financial condition.*

Our facility requires substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/augmented by alternatively independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high in view of increasing oil prices and other constraints. We are dependent on State Government for meeting our electricity requirements. Any defaults or non-compliance of the conditions may render us liable for termination of the agreement or any future changes in the terms of the agreement may lead to increased costs, thereby affecting the profitability. Further, since we are majorly dependent on third party power supply; there may be factors beyond our control affecting the supply of power.

Any disruption / non availability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

37. *We generally do business with our customers on order basis and do not enter into long term contracts with them.*

Our business is dependent on our continuing relationships with our customers. Our Company does not have any long-term contract with any customers. Any change in the consumption pattern of our customer or disassociation of major customers can adversely affect the business of our Company. The loss of or interruption of work by, a significant customer or a number of significant customers or the inability to procure new orders on a regular basis or at all may have an adverse effect on our revenues, cash flows and operations.

38. *Our Company is dependent on third party transportation providers for the delivery of finished products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations.*

Our Company uses third party transportation providers for delivery of our products to the customers. Though our business has not experienced any disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. In addition there may be loss or damage in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure, or other events could impair ability to procure raw materials on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

39. *Our insurance coverage may not be adequate.*

Our Company has obtained insurance coverage in respect of certain risks. We have taken insurance policies such as Marine Cargo, Standard Fire and Special Perils Policy. While we believe that we maintain insurance coverage in adequate amounts consistent with size of our business, our insurance policies do not cover all risks, specifically risks like loss of profits, losses due to terrorism, etc. Further, there can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance has been availed. If we suffer a significant uninsured loss or if insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

For further details, please refer chapter titled “*Our Business*” beginning on page 140 of this Draft Red Herring Prospectus.

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

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs. 9,688.10 Lakhs as on December 31, 2017 as per Restated Standalone Financial Statements. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. For further information on the *Financial Indebtedness* please refer to page 267 of this Draft Red Herring Prospectus.

41. *Our lenders have imposed certain restrictive conditions on us under our financing arrangements.*

Under our financing arrangements, we are required to obtain the prior, written lender consent for, among other matters, changes in our capital structure, formulate a scheme of amalgamation or reconstruction and entering into any other borrowing arrangement. Further, we are required to maintain certain financial ratios.

There can be no assurance that we will be able to comply with these financial or other loan covenants or that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business. Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. For further information, see the chapter titled “*Financial Indebtedness*” on page 267 of the Draft Red Herring Prospectus. Though these covenants are restrictive to some extent for us, however it ensures financial discipline, which would help us in the long run to improve our financial performance.

42. *We have taken guarantees from Promoters and members of Promoter Group in relation to debt facilities provided to us.*

We have taken guarantees from Promoters and members of Promoter Group in relation to our secured debt facilities availed from our Bankers. In an event any of these persons withdraw or terminate its/their guarantees, the lender for such facilities may ask for alternate guarantees, repayment of amounts outstanding under such facilities, or even terminate such facilities. We may not be successful in procuring guarantees satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For more information please see the chapter titled “*Financial Indebtedness*” beginning on page 267 of this Draft Red Herring Prospectus.

43. *We have not made any alternate arrangements for meeting our capital requirements for the Objects of the issue. Further we have not identified any alternate source of financing the ‘Objects of the Issue’. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

As on date, we have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. We meet our capital requirements through our bank finance, unsecured loans, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further, we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled “*Objects of the Issue*” beginning on page 105 of this Draft Red Herring Prospectus.

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend

on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see “Dividend Policy” on page 208 of this Draft Red Herring Prospectus.

45. *Within the parameters as mentioned in the chapter titled ‘Objects of this Issue’ beginning on page 105 of this Draft Red Herring Prospectus, our Company’s management will have flexibility in applying the proceeds of this Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.*

We intend to use entire Issue Proceeds towards meeting working capital requirements, repayment of unsecured loans to our group companies and general corporate purposes. Such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled ‘Objects of the Issue’ beginning on page 105 of this Draft Red Herring Prospectus. The deployment of funds for the purposes described above is at the discretion of our Company’s Board of Directors.

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled ‘Objects of the Issue’ beginning on page 105 of this Draft Red Herring Prospectus, the management will have significant flexibility in applying the proceeds received by our Company from the Issue. Our Board of Directors will monitor the proceeds of this Issue. However, Audit Committee will monitor the utilization of the proceeds of this Issue and prepare the statement for utilization of the proceeds of this Issue. However in accordance with Section 27 of the Companies Act, 2013, a company shall not vary the objects of the Issue without our Company being authorised to do so by our shareholders by way of special resolution and other compliances in this regard. Our Promoters and controlling shareholder shall provide 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.

46. *Our future funds requirements, in the form of issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.*

We may require additional capital from time to time depending on our business needs. Any issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

47. *Negative publicity could adversely affect our revenue model and profitability of our Company.*

Our business is dependent on the trust our customers have reposed in the quality of our services. Any negative publicity our Company, service, or our brand due to any other unforeseen events could affect our reputation and our results from operations. Further, our business may also be affected if there is any negative publicity associated with the services which are being rendered by our Company which may indirectly result in erosion of our reputation and goodwill.

48. *Deployment of funds raised through this Issue shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.*

Since, the Issue size is less than Rs.10,000 lakh and as per the provisions of Regulation 16 (1) of the SEBI ICDR Regulations, there is no mandatory requirement of appointing an Independent Monitoring Agency for overseeing the deployment of utilization of funds raised through this Issue. The deployment of these funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

However, Audit Committee will monitor the utilization of the proceeds of this Issue and prepare the statement for utilization of the proceeds of this Issue. However in accordance with Section 27 of the Companies Act, 2013, a company shall not vary the objects of the Issue without our Company being authorised to do so by our shareholders by way of special resolution and other compliances in this regard. Our Promoters and controlling shareholder shall provide 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.

49. *Our success depends largely upon the services of our Directors, Promoters and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.*

Our success is substantially dependent on the expertise and services of our Directors, Promoter and our Key Managerial Personnel (“KMP”). They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for KMP in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

50. *In addition to normal remuneration or benefits and reimbursement of expenses, some of our Directors and key managerial personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.*

Our Directors and Key Managerial Personnel (“KMP”) are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and KMP may also be interested to the extent of their shareholding and dividend entitlement in our Company. For further information, see “Capital Structure” and “Our Management” on pages 89 and 175, respectively, of this Draft Red Herring Prospectus.

51. *Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.*

After completion of the Issue, our Promoters and Promoter Group will collectively own [●] of the Equity Shares. As a result, our Promoter together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our AoA. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoter will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders,

and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

52. *We may not be successful in implementing our business strategies.*

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. Changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

53. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.*

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation and goodwill of our Company. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

54. *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be adversely affected.*

Few of our agreements may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document inadmissible in legal proceedings. Any potential dispute due to non-compliance of local laws relating to stamp duty and registration may adversely impact the operations of our Company.

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

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Floor Price of the Price Band as may be decided by the Company in consultation with the BRLM. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer chapter title “Capital Structure” beginning on page 89 of this Draft Red Herring Prospectus.

ISSUE SPECIFIC RISKS

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

The Issue Price of our Equity Shares will be determined by book built method. This price is based on numerous factors (For further information, please refer chapter titled “Basis for Issue Price” beginning on page 113 of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

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

57. *Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

58. *QIB and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.*

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Issue Period and withdraw their Bids until Bid/ Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within six Working Days from the Bid/Issue Closing Date, events affecting the Bidders’ decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Bidders ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

EXTERNAL RISKS FACTORS

INDUSTRY RISKS

59. ***Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

OTHER RISKS

60. ***Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus.***

As stated in the reports of the Auditor included in this Draft Red Herring Prospectus under chapter “Financial Statements as restated” beginning on page 209, the financial statements included in this Draft Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Draft Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

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

Under the Income-tax Act, 1961, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India except any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the Securities Transaction Tax (“STT”) has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

In Finance Bill 2017, Section 10(38) was amended to provide that exemption under this section for income arising on transfer of equity share acquired on or after 1st day of October 2004 shall be available only if the acquisition of share is chargeable to STT under Chapter VII of the Finance (No 2) Act, 2004. In this case, this provision becomes effective, sale shares acquired on or after 1st day of October 2004 on which STT was not charged will attract tax under provisions of Long Term Capital Gains.

As per Finance Bill 2018, exemption under section 10(38) for income arising from long term gains on transfer of equity share shall not be available on or after 1st day of April 2018 if the long term capital gains exceeds Rs. 1,00,000/- p.a. Such income arising from long term gains on transfer of equity share on or after 1st day of April 2018 in excess of Rs. 1,00,000/- pa. shall be chargeable at the rate of 10%.

Capital gains arising from the sale of shares will be exempt from taxation in India in cases where an exemption is provided under a tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares subject to relief available under the applicable tax treaty or under the laws of their own jurisdiction.

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

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include:

- custom duties on imports of raw materials and components;
- Goods and Service Tax; and
- Other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

63. *Financial instability in Indian financial markets could adversely affect our Company's results of operations and financial condition.*

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

64. *Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.*

The GoI has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

65. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

66. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

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

67. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.*

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

68. *Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.*

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

69. *Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.*

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

70. *Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

PROMINENT NOTES

1. Public Issue of upto 57,80,000 Equity Shares of face value of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share (“Issue Price”) aggregating upto Rs. [●] Lakhs, of which [●] Equity Shares of face value of Rs. 10 each will be reserved for subscription by Market Maker to the Issue (“Market Maker Reservation Portion”). The Issue less the Market Maker Reservation Portion i.e. Net Issue of [●] Equity Shares of face value of Rs. 10 each is hereinafter referred to as the “Net Issue”. The Issue and the Net Issue will constitute [●]% and [●]%, respectively of the post Issue paid up equity share capital of the Company.

2. Investors may contact the Book Running Lead Manager or the Company Secretary & Compliance Officer for any complaint/clarification/information pertaining to the Issue. For contact details of the Book Running Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled “General Information” beginning on page 77 of this Draft Red Herring Prospectus.

3. The pre-issue net worth of our Company as per Restated Standalone Financial Statements was Rs. 5,649.34 lakhs as of December 31, 2017 and Rs. 4,873.83 lakhs for the year ended March 31, 2017. The book value of Equity Share was Rs 65.16 as at December 31, 2017 and Rs. 56.21 as at March 31, 2017 as per the Restated Financial Statements of our Company. For more information, please refer to section titled “Financial Statements” beginning on page 209 of this Draft Red Herring Prospectus.

4. The average cost of acquisition per Equity Share by our Promoter is set forth in the table below:

Name of the Promoters	No. of Shares held	Face Value (in Rs.)	Average cost of Acquisition (in Rs.)
Rakesh Somani	61000	10	19.84
Rajkumar Somani	182000	10	18.79
Akashganga Processors Private Limited	4,00,000	10	54.00
Betex India Limited	13,71,000	10	52.47
Rangila Fabrics Private Limited	11,79,000	10	32.37

For further details relating to the allotment of Equity Shares to our Promoters, please refer to the chapter titled “Capital Structure” beginning on page 89 of this Draft Red Herring Prospectus.

5. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer “Related Party Transaction” under chapter titled “Financial Statements as restated” beginning on page 209 of this Draft Red Herring Prospectus.

6. Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled “Issue Structure” beginning on page 319 of this Draft Red Herring Prospectus.

7. Except as disclosed in the chapter titled “Capital Structure”, “Our Promoter and Promoter Group”, “Our Management” and “Related Party Transaction” beginning on pages 89, 190, 175 and 207 respectively, of this Draft Red Herring Prospectus, none of our Promoter, Directors or Key Management Personnel has any interest in our Company.

8. Except as disclosed in the chapter titled “Capital Structure” beginning on page 89 of this Draft Red Herring Prospectus, we have not issued any Equity Shares for consideration other than cash.

9. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.

10. Investors are advised to refer to the chapter titled “Basis for Issue Price” beginning on page 113 of the Draft Red Herring Prospectus.

11. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during



the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the Stock Exchange

12. Our Company was originally incorporated as “Sumeet Poly Power Limited” at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to “Sumicot Limited” pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

For further details of Incorporation, change of name of the Registered Office of our Company, please refer to chapter titled “*Our History and Certain Other Corporate Matters*” beginning on page 171 of this Draft Red Herring Prospectus.

13. Except as stated in the chapter titled “*Our Group Companies*” beginning on page 202 and chapter titled “*Related Party Transactions*” beginning on page 207 of this Draft Red Herring Prospectus, our Group Companies have no business interest or other interest in our Company.

SECTION III – INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 24 and 209 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

INTRODUCTION TO TEXTILE INDUSTRY

India’s textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India’s exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The textile industry employs about 45 million people directly and 20 million people indirectly. India’s overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

(Source: Indian Textile Industry India Brand Equity Foundation - www.ibef.org)

GLOBAL ECONOMIC OVERVIEW

According to the International Monetary Fund (IMF), the global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of countries experienced improvements in their growth rates, the highest share since 2010. The latest World Economic Outlook (WEO) of the IMF shows global GDP growth accelerated to around 3.6 percent in 2017 from 3.2 percent in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9 percent. Although rebounding, global growth is still well below levels reached in the 2000s.

One reason why the recovery has spread around the globe is that world trade in goods and services has finally emerged from its torpor, registering 4.7 percent real volume growth in 2017 compared with 2.5 percent in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years been suffering from depressed prices, have benefitted from the upswing in demand. Commodity prices increased smartly in 2017, led by petroleum, whose price rose by 16 percent to reach \$61 per barrel by the end of the year.

Even as global growth and commodity prices have surged, inflation has remained remarkably quiescent, remaining below 2 percent in the main advanced regions. Consequently, monetary policies in the US, Eurozone and Japan have remained highly accommodative despite a strong recovery. These unusual settings—rapid growth, ultra-low interest rates—at a late stage in the economic cycle have produced the rarest of combinations: record-high high bond prices and stock market valuations, both at the same time. The consensus forecast calls for these conditions to be sustained in 2018, as companies respond to buoyant demand conditions by stepping up investment, some governments (such as the US) embark on expansionary fiscal policies, while advanced country monetary policies remain stimulative and world trade continues to grow briskly.

What are the risks? Of course, there are the usual geo-political and geo-economic risks: war in the Korean peninsula; political upheaval in the Middle East; aggressive output cuts by Saudi Arabia (and Russia) in advance of the planned listing of the Saudi Arabian oil company, Aramco, which could force oil prices even higher; a final reckoning from China's unprecedented credit surge in the form of capital controls, slowdown in growth, and a sharply depreciating currency with consequences for the global economy (Economic Survey, 2016-17, Chapter 1); and trade tensions that could lead to skirmishes, and then spiral out of control. But perhaps the main risks lie on the macro-finance front in advanced economies. These stem from three, inter-related, sources:

- Asset valuations (price-equity ratios) tend to revert to their mean. And the faster and higher they climb, especially so late in the economic cycle, the greater the risk of sharp corrections.
- Simultaneously high valuations of both bonds and equities tend to be briefly lived because they suffer from an acute tension: if future earnings and economic growth are so bright, justifying high equity prices, interest rates cannot be forever so low.
- And if interest rates rise—or if markets even sense that central banks will need to shift their stance—both bond and equity prices could correct sharply. A plausible scenario would be the following. The IMF is now forecasting that advanced country output gaps will close in 2018 for the first time since the Global Financial Crisis. As this occurs, wages would start rising, eating into profits (which would prick equity valuations); and as inflation rises in tandem, policy makers would be forced into raising rates, deflating bond valuations and further undermining share prices.

What would happen to growth if asset prices correct? Surely, the impact would be far smaller than it was in 2007-09, because advanced countries are far less vulnerable than they were a decade ago. In particular, the leverage tied to these assets is much lower, which would minimize contagious propagation; while banks are much better buffered, with higher levels of capital and core deposits, and lower levels of risky assets.

Even so, there would be some consequences. For one, a large decline in wealth would force advanced country consumers to cut back on their spending, which in turn would lead firms to curtail their investments. And if this happens, monetary and fiscal policies would have much less room for expansionary manoeuvre since interest rates are already low while government debts are high. And the political implications of yet another decline in asset prices, the second in a decade, could also be significant, with effects that are difficult to imagine.

In sum, assessing future risks hinges on two calls: interest rate policy and asset valuations. On policy, extraordinarily low rates have, to paraphrase Paul Krugman, become “an obsession in search of a justification.” Initially justified by the dislocations caused by the Global Financial Crisis, then by large output gaps, they are now defended on the grounds that inflation remains weak, even as the slack in product and labor markets is disappearing rapidly. Will the gathering new evidence on closing output gaps and rising employment dispel that obsession?

On valuations, the prognosticator must navigate a narrow strait: steering clear of the “Cry of Wolf” trap (bond prices will finally, finally correct, having defied the prediction of correction in each of the last several years), without succumbing to the siren call of “This Time is Different” (stock valuations are sustainable this time because interest rates will remain at historic lows).

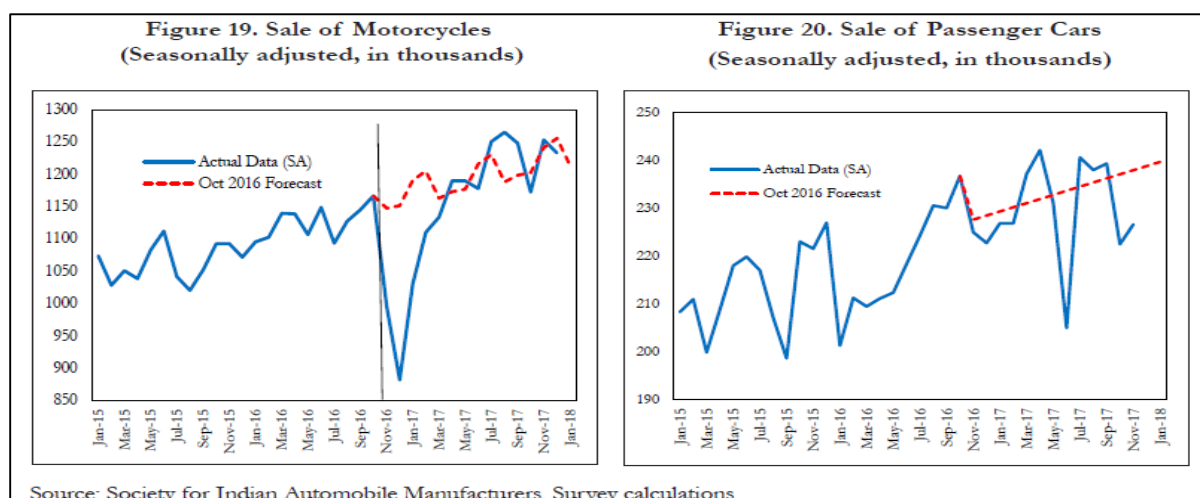
(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

OVERVIEW OF INDIA’S ECONOMIC PERFORMANCE IN 2017-18

Economic activity

The key question going forward is whether the economy has troughed, and if so at what pace it will recover toward its medium term trend. High frequency indicators do suggest that a robust recovery is taking hold as reflected in a variety of indicators, including overall GVA, manufacturing GVA, the IIP, gross capital formation (Figure 17) and exports.

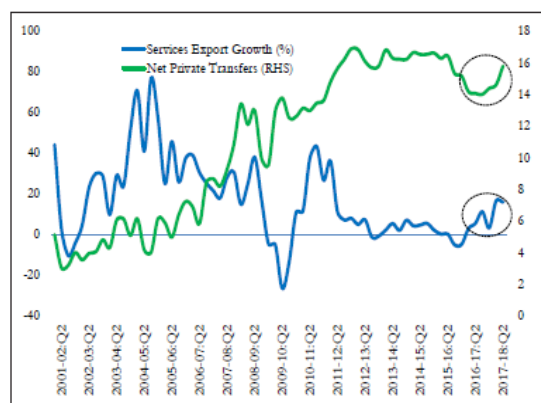
Similarly, real non-food credit growth has rebounded to 4 percent in November 2017 on a year-on-year basis, while the squeeze on real credit to industry is abating (Figure 18). Moreover, the flow of nonbank resources to the corporate sector, such as bond market borrowing and lending by NBFCs, has increased by 43 percent (April-December 2017 compared to the same period a year ago), substituting in part for weak bank credit. Rural demand, proxied by motor cycle sales, and auto sales, while not yet back to its pre-demonetization trend, are recovering (Figures 19 and 20).



Perhaps most significantly, the behaviour of manufacturing exports and imports in the second and third quarters of this fiscal year has started to reverse. The re-acceleration of export growth to 13.6 percent in the third quarter of FY2018 and deceleration of import growth to 13.1 percent, in line with global trends, suggest that the demonetization and GST effects are receding. Services export and private remittances are also rebounding (Figure 21).

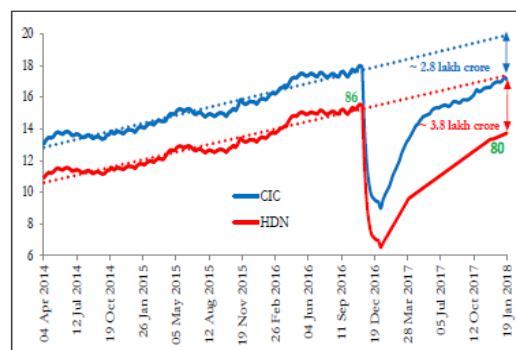
On demonetization specifically, the cash-to-GDP ratio has stabilized, suggesting a return to equilibrium. The evidence is that since about June 2017 the trend in currency is identical to that pre-demonetization (Figure 22). The stabilization also permits estimation of the impact of demonetization: about Rs. 2.8 lakh Crores less cash (1.8 percent of GDP) and about Rs. 3.8 lakh Crores less high denomination notes (2.5 percent of GDP).

Figure 21. Services Export Growth (percent) and Net Private Remittances (in US\$ billion)



Source: RBI, Survey calculations.

Figure 22. Currency in Circulation (CIC) and High Denomination Notes (HDN) (In Rs. lakh crore)



Source: RBI, Survey calculations; Numbers in green denote HDN as share of CIC.

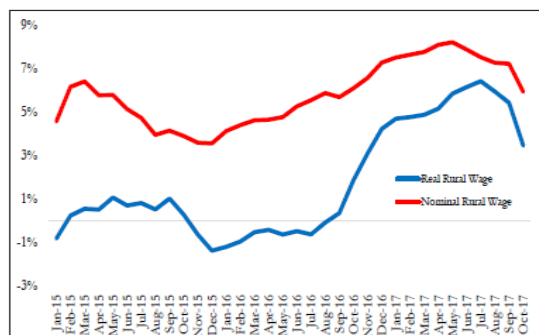
A final, important factor explaining the growth recovery is fiscal, which is providing a boost to aggregate demand. For reasons related to smoothening the transition, GST revenues will only be collected for 11 months, which is akin to a tax cut for consumers. Meanwhile, overall revenue expenditure growth by the central and state governments remains strong at 11.7 percent (April to November). Cyclical conditions may also lead to lower tax and non-tax revenues, which act as an automatic stabilizer.

All this said, while the direction of the indicators is positive, their level remains below potential. IIP growth (April-November 2017 over same period in the previous year) is 3.2 percent, real credit growth to industry is still in negative territory, and the growth in world trade remains less than half its level of a decade ago. Moreover, even though the cost of equity has fallen to low levels, corporates have not raised commensurate amounts of capital, suggesting that their investment plans remain modest (Box 6). In other words, the twin engines that propelled the economy's take-off in the mid-2000s – exports and investment – are continuing to run below take-off speed.

Meanwhile, developments in the agriculture sector bear monitoring. The trend acceleration in rural wages (agriculture and non-agriculture), which had occurred through much of 2016 because of increased activity on the back of a strong monsoon, seems to have decelerated beginning just before the kharif season of 2017-18 (Figure 23) but it is still greater than much of the last three years. Three crop-specific developments are evident. Sowing has been lower in both kharif and rabi, reducing the demand for labor. The acreage for kharif and rabi for 2017-18 is estimated to have declined by 6.1 percent and 0.5 percent, respectively. Pulses and oilseeds have seen an increase in sowing, but this has translated into unusually low farmgate prices (below their minimum support price, MSP), again affecting farm revenues. The so-called TOP perishables (tomatoes, onions, and potatoes) have meanwhile fluctuated between high and low prices, engendering income uncertainty for farmers.

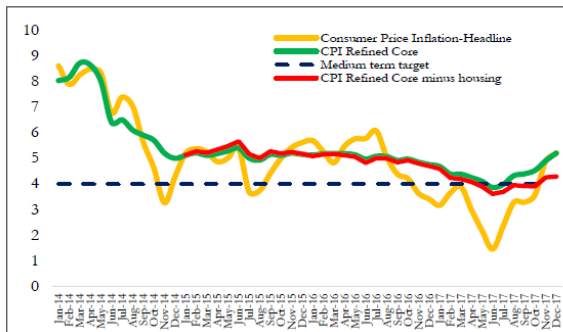
The CSO has forecast real GDP growth for 2017-18 at 6.5 percent. However, this estimate has not fully factored in the latest developments in the third quarter, especially the greater-than-CSO-forecast exports and government contributions to demand. Accordingly, real GDP growth for 2017-18 as a whole is expected to be close to 6 3/4 percent. Given real GDP growth of 6 percent in the first half, this implies that growth in the second half would rebound to 7.5 percent, aided by favourable base effects, especially in the fourth quarter.

Figure 23. Real and Nominal Rural Wages Growth (percent, 3 month moving average)



Source: Labour Bureau, Survey calculations.

Figure 24. Inflation: CPI and Variants* (percent, year-on-year)



Source: MoSPI, Survey calculations.

*CPI Refined Core is obtained by stripping out the volatile food and fuel components.

Average CPI inflation for the first nine months has averaged 3.2 percent and is projected to reach 3.7 percent for the year as a whole. This implies average CPI inflation in the last quarter of 5 percent, in line with the RBI's forecast. Therefore, the GDP deflator is expected to grow by 3.6 percent for 2017-18, somewhat higher than the CSO's forecast of 2.8 percent. Consequentially, nominal GDP growth is estimated at 10.5 percent, compared with the CSO's 9.5 percent estimate.

Macroeconomic indicators

After 13 months of continuously under-shooting the inflation target by an average of 130 basis points, headline inflation for the first time crossed the RBI's 4 percent target in November, posting a rate of 5.2 percent in December 2017 (Figure 24). The recent upswing in inflation stems from rising global oil prices (not all of which has been passed on to consumers), unseasonal increases in the prices of fruits and vegetables, and the 7th Pay Commission housing rent allowances, which mechanically increase inflation. Stripped of all these factors, underlying inflation has been increasing at a more modest pace, reaching 4.3 percent at end-December—in part because firms are passing the incidence of GST on to final consumers only gradually.

The current account deficit has also widened in 2017-18 and is expected to average about 1.5-2 percent of GDP for the year as a whole. The current account deficit can be split into a manufacturing trade deficit, an oil and gold deficit, a services deficit, and a remittances deficit (Figure 25). In the first half of 2017-18, the oil and gold balance has improved (smaller deficit of \$47 billion) but this has been offset by a higher trade deficit (\$18 billion) and a reduced services surplus (\$37 billion), the latter two reflecting a deterioration in the economy's competitiveness.

Despite these developments, the overall external position remains solid. The current account deficit is well below the 3 percent of GDP threshold beyond which vulnerability emerges. Meanwhile, foreign exchange reserves have reached a record level of about \$432 billion (spot and forward) at end-December 2017, well above prudent norms.

(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

OUTLOOK FOR 2018-19

The outlook for 2018-19 will be determined by economic policy in the run-up to the next national election. If macro-economic stability is kept under control, the ongoing reforms are stabilized, and the world economy remains buoyant as today, growth could start recovering towards its medium term economic potential of at least 8 percent.

Consider the components of demand that will influence the growth outlook. The acceleration of global growth should in principle provide a solid boost to export demand. Certainly, it has done so in the past, particularly in the mid-2000s when the booming global economy allowed India to increase its exports by more than 26 percent per annum. This time, the export response to world growth has been in line with the long-term average, but below the response in the mid-2000s. Perhaps it is only a matter of time until exports start to grow at a healthy rate. Remittances are already perking up, and may revive further due to higher oil prices.

Private investment seems poised to rebound, as many of the factors exerting a drag on growth over the past year finally ease off. Translating this potential into an actual investment rebound will depend on the resolution and recapitalization process. If this process moves ahead expeditiously, stressed firms will be put in the hands of stronger ownership, allowing them to resume spending. But if resolution is delayed, so too will the return of the private capex cycle. And if this occurs public investment will not be able to step into the breach, since it will be constrained by the need to maintain a modicum of fiscal consolidation to head off market anxieties.

Consumption demand, meanwhile, will encounter different tugs. On the positive side, it will be helped by the likely reduction in real interest rates in 2018-19 compared to the 2017-18 average. At the same time, average oil prices are forecast by the IMF to be about 12 percent higher in 2018-19, which will crimp real incomes and spending—assuming the increase is passed on into higher prices, rather than absorbed by the budget through excise tax reductions or by the oil marketing companies. And if higher oil prices requires tighter monetary policy to meet the inflation target, real interest rates could exert a drag on consumption.

Putting all these factors together, a pick-up in growth to between 7 and 7.5 percent in 2018-19 can be forecasted, re-instating India as the world's fastest growing major economy. This forecast is subject to upside potential and downside risks. The biggest source of upside potential will be exports. If the relationship between India's exports and world growth returns to that in the boom phase, and if world growth in 2018 is as projected by the IMF, then that could add another ½ percentage point to growth.

Another key determinant of growth will be the implementation of the IBC process. Here timeliness in resolution and acceptance of the IBC solutions must be a priority to kick-start private investment. The greater the delays in the early cases, the greater the risk that uncertainty will soon shroud the entire IBC process. It is also possible that expeditious resolution may require the government to provide more resources to PSBs, especially if the haircuts required are greater than previously expected, the ongoing process of asset quality recognition uncovers more stressed assets, and if new accounting standards are implemented.

Persistently high oil prices (at current levels) remain a key risk. They would affect inflation, the current account, the fiscal position and growth, and force macroeconomic policies to be tighter than otherwise. One eventuality to guard against is a classic emerging market "sudden stall" induced by sharp corrections to elevated stock prices. (Box 9 suggests that India's stock price surge is different from that in other countries but does not warrant sanguine-ness about its sustainability.) Savers, already smarting from reduced opportunities in the wake of demonetization, from depressed gold prices, and from lower nominal interest rates, would feel aggrieved, leading to calls for action. Stock price corrections could also trigger capital outflows, especially if monetary policy unwinds less hesitantly in advanced countries and if oil prices remain high. Policy might then have to respond with higher interest rates, which could choke off the nascent recovery. The classic emerging market dilemma of reconciling the trade-off between macro-stability and growth could then play itself out.

A key policy question will be the fiscal path for the coming year. Given the imperative of establishing credibility after this year, given the improved outlook for growth (and hence narrowing of the output gap), and given the resurgence of price pressures, fiscal policy should ideally have targeted a reasonable fiscal

consolidation. However, setting overly ambitious targets for consolidation—especially in a pre-election year—based on optimistic forecasts that carry a high risk of not being realized will not garner credibility either. Pragmatically steering between these extremes would suggest the following: a modest consolidation that credibly signals a return to the path of gradual but steady fiscal deficit reductions.

Against this overall economic and political background, economic management will be challenging in the coming year. If the obvious pitfalls (such as fiscal expansion) are avoided and the looming risks are averted that would be no mean achievement.

(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

GLOBAL MANUFACTURING SECTOR

World manufacturing growth

World manufacturing growth accelerated in the third quarter of 2017, as economic recovery strengthened worldwide. Positive results re-ported in the First half of this year carried over into the third quarter. Steady progress over several consecutive quarters characterizes both industrialized and developing and emerging industrial economies, and prospects for sustained global industrial growth in forthcoming periods are good (Figure 1). For the first time in several years, industrial growth moved back to the positive zone in all of the major economies.

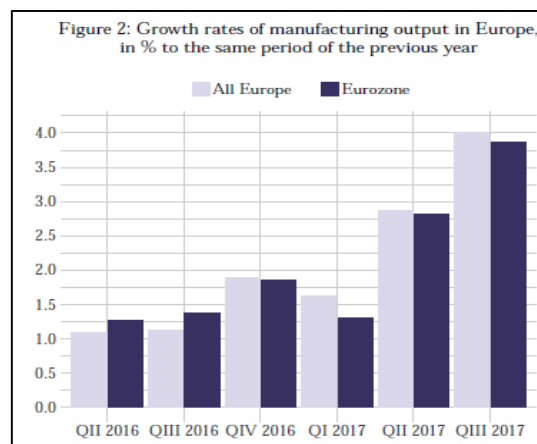
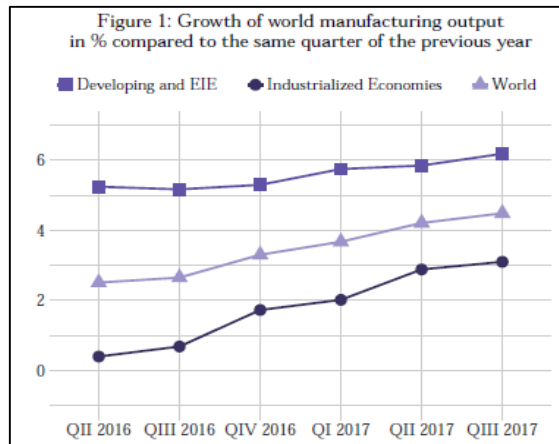
The driving forces behind the positive developments in global manufacturing were improving business conditions, rising consumer spending, promising investment plans directed towards developing economies and healthy external demand support activities. On the other hand, risks for global growth such as concerns where Brexit negotiations will lead to, changes in global trade arrangements or high geopolitical uncertainty have not yet dissipated.

Global manufacturing output rose by 4.5 per cent in the third quarter of 2017 compared to the same period of the previous year. This impressive gain was based on an already strong growth throughout the first half of 2017. The disaggregated data points to the thriving performance of major industrialized economies with a significant share in global manufacturing output, namely the United States, Japan, Germany, the Republic of Korea, Italy as well as Brazil. The manufacturing output of China, the world's largest manufacturer, continued to register a high growth rate in the third quarter.

Industrialized economies as a whole exhibited record-breaking growth at 3.1 per cent in the third quarter of 2017 - the highest manufacturing output growth in a year-by-year comparison in the post-crisis period. Such growth was attributable to Europe's dynamic recovery, where a 4.0 per cent growth was achieved. East Asian industrialized economies experienced a healthy 4.5 per cent year-by-year upward trend and the nearly two-year consecutive slump has all but been forgotten. Relative lower growth was observed in the North America region, where manufacturing output expanded by a mere 1.4 per cent.

A reversal of negative trends in Argentina and Brazil has had a considerable impact on recovery in the Latin America region. Manufacturing output of the region rose by 2.5 per cent in the third quarter of 2017, which also resulted in an accelerated growth rate of developing and emerging industrial economies as a whole at 6.2 per cent. A relatively higher increase was achieved by Asia's developing economies with a 6.5 per cent expansion recorded in the third quarter on a year-to-year basis. The manufacturing production of African regions remained in the positive zone of high growth despite the weak foundation of these countries' manufacturing industries. According to UNIDO's latest estimates, African manufacturing experienced a 6.4 per cent year-to-year gain in the third quarter of 2017.

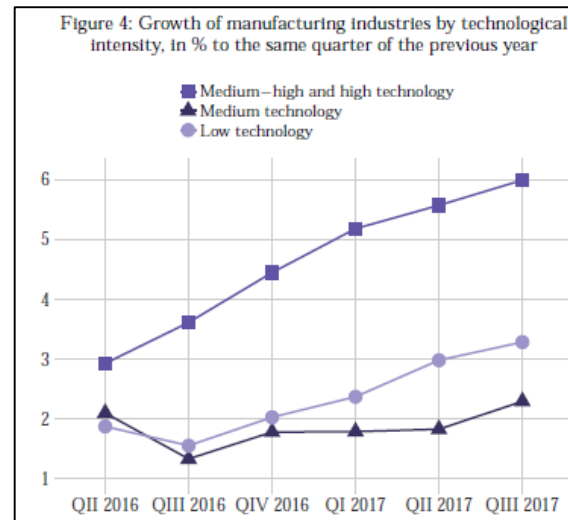
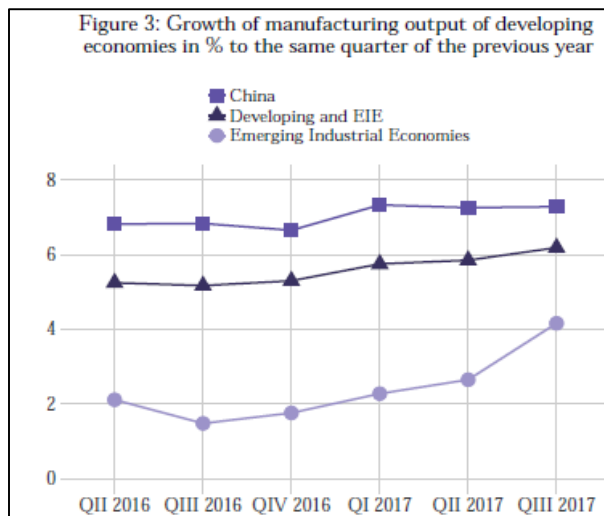
Entering the second half of the year 2017, recovery in global manufacturing has evolved from being relatively modest to becoming more dynamic. Improvements were recorded in both industrialized economies and developing and emerging industrial economies.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

Key Findings - Global manufacturing Sector

Global manufacturing production maintained a positive growth rate in all industries in the third quarter of 2017. Advanced manufacturing such as automation, robotics and digital products have been experiencing a steady expansion at the global level. Shifting from low technology to high technology manufacturing industries plays a key role in promoting innovation in the long term and, moreover, determines the positioning of economies within the global market. Therefore, the competition between advanced and emerging economies in high-tech leadership will be compelling and crucial for both groups. In the wake of the fourth industrial revolution, embracing emerging technologies brings global manufacturing production to a new level. The high growth rate in medium high and high technology industries observed in the third quarter of 2017 led to an increase in high value goods, indicating a high level of consumer confidence (Figure 4). UNIDO data largely support this pro-technology approach.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

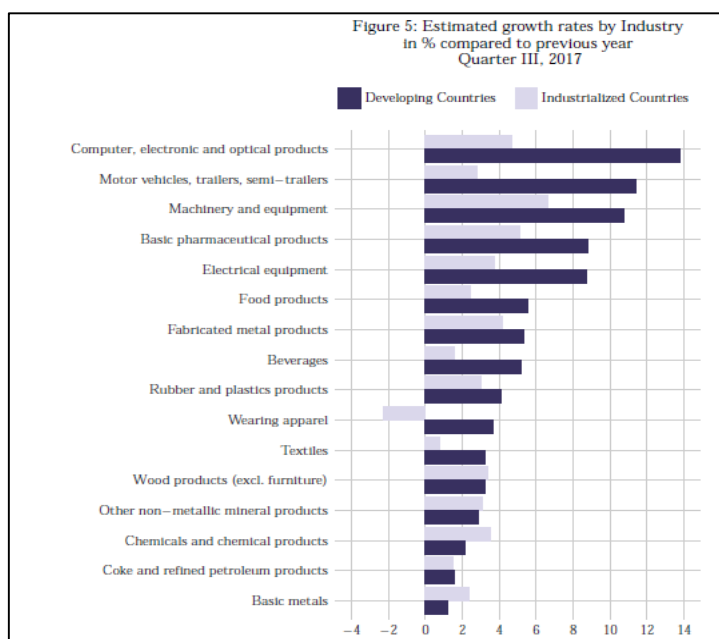
Medium high and high technology manufacturing industries have repeatedly held top positions when looking at year-by-year comparisons - these industries witnessed a 6.0 per cent growth rate, a record-breaking result in the last five years. When reviewing the individual top industries, the manufacturing of

computers, electronics and optical products grew by 8.3 per cent, the production of machinery and equipment rose by 8.0 per cent, the manufacturing of pharmaceutical products by 6.7 per cent (which recorded a visibly accelerated growth rate compared to the results of the previous quarter), the production of electrical equipment by 6.1 per cent and the manufacturing of motor vehicles by 5.9 per cent. The production in all of the above- mentioned industries was dominated by developing and emerging industrial economies compared with industrialized economies (Figure 5).

As regards medium technology manufacturing industries, 2.3 per cent growth was registered worldwide in the third quarter of 2017. The global manufacturing of rubber and plastic products increased by 3.4 per cent in a year-by-year comparison, while the manufacturing of non-metallic mineral products recorded a growth rate of 3.0 per cent. The global manufacturing of basic metals rose at a moderate pace of 1.6 per cent.

In low technology manufacturing industries, overall global production rose by 3.3 per cent in the third quarter of 2017 compared to the same period of the previous year. The global manufacturing of fabricated metal products grew by 4.6 per cent, followed by the manufacturing of furniture with a 4.3 per cent increase. Relatively high growth rates were maintained worldwide in the production of basic consumer goods - the global manufacturing of food products rose by 3.8 per cent, beverages by 3.4 per cent and the global manufacturing of both textile and wearing apparel increased by slightly over 2.5 per cent. The growth rate of the manufacturing of paper products expanded by 2.4 per cent, while coke and refined petroleum products and printing remained below 2.0 per cent.

The growth rates for selected industries are presented below. Additional statistics on the growth rates in the third quarter of 2017 are available in the Statistical Tables.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

GLOBAL COTTON INDUSTRY: POSITION & OUTLOOK

World Balance sheet of Cotton Stocks

World Balance Sheet						
million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	92.1	102.9	111.1	95.3	87.7	87.7
Production	120.4	119.1	96.2	106.8	121.4	121.9
Supply	212.5	222.1	207.3	202.1	209.0	209.6
Mill-Use	110.0	111.9	112.3	114.8	120.5	120.8
Ending Stocks	102.9	111.1	95.3	87.7	88.6	88.8
Stocks/Use Ratio	93.5%	99.3%	84.9%	76.4%	73.5%	73.6%

India: Balance sheet of Cotton Stocks

India Balance Sheet						
million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	11.8	11.5	13.5	9.9	11.1	11.1
Production	31.0	29.5	25.9	27.0	28.5	28.5
Imports	0.7	1.2	1.1	2.7	1.7	1.7
Supply	43.5	42.2	40.5	39.7	41.3	41.3
Mill-Use	23.3	24.5	24.8	24.0	24.5	24.5
Exports	9.3	4.2	5.8	4.6	4.2	4.2
Demand	32.5	28.7	30.5	28.6	28.7	28.7
Ending Stocks	11.5	13.5	9.9	11.1	12.6	12.6
Stocks/Use Ratio	35.2%	47.0%	32.6%	39.0%	44.0%	44.0%

(Source: USDA – United States Department of Agriculture www.usda.gov)

INDIAN MANUFACTURING SECTOR

Introduction

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020*.

Market Size

The Gross Value Added (GVA) at basic constant (2011-12) prices from the manufacturing sector in India grew 7.9 per cent year-on-year in 2016-17, as per the first revised estimates of annual national income published by the Government of India. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022. Business conditions in the Indian manufacturing sector continue to remain positive.

Investments

With the help of Make in India drive, India is on the path of becoming the hub for hi-tech manufacturing as global giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India, attracted by India's market of more than a billion consumers and increasing purchasing power.

Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached US\$ 72.31 billion during April 2000-September 2017. India has become one of the most attractive destinations for investments in the manufacturing sector.

Government Initiatives

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

Road Ahead

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

The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025 and India is expected to rank amongst the top three growth economies and manufacturing destination of the world by the year 2020. The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of US\$ 2.5 trillion along with a population of 1.32 billion people, which will be a big draw for investors.

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

Exchange Rate Used: INR 1 = US\$ 0.0155 as on January 04, 2018

*Notes: * - According to the Global Manufacturing Competitiveness Index published by Deloitte*

(Source: Indian Manufacturing Sector India Brand Equity Foundation www.ibef.org)

INDIAN TEXTILE INDUSTRY

Introduction

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

Market Size

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.#

Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.68 billion during April 2000 to September 2017.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Road Ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand*.

Exchange Rate Used: INR 1 = US\$ 0.015 as of January 4, 2018.

References: Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau, Union Budget 2017-18

*Note: # - according to Damco, * - according to India Ratings and Research, ^ - according to the International Cotton Advisory Committee (ICAC)*

(Source: Indian Textile Industry - India Brand Equity Foundation www.ibef.org)

OVERVIEW INDIAN TEXTILE INDUSTRY

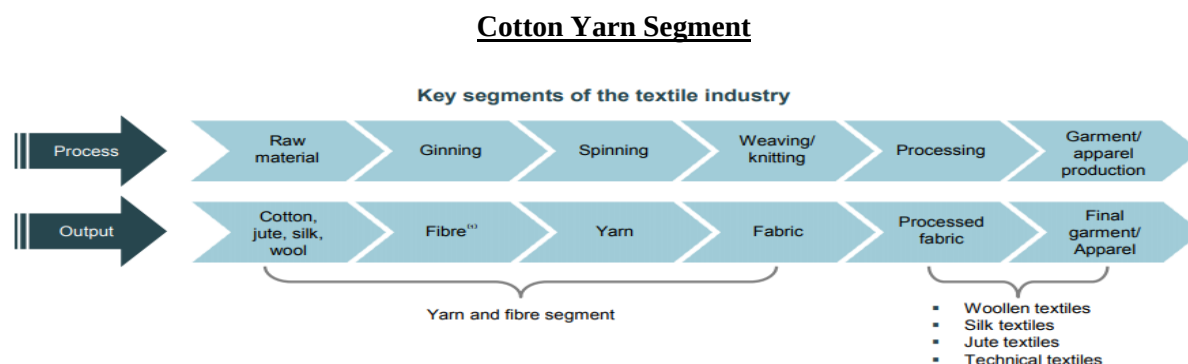
Textile plays a major role in the Indian economy. It contributes 14 per cent to industrial production and 4 per cent to GDP (ii) With over 45 million people, the industry is one of the largest source of employment generation in the country. The industry accounts for nearly 15 per cent of total exports The size of India's

textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent between 2009-23E

As of June 2017, the central government is planning to finalize and launch the new textile policy in the next three months. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs. Production of raw cotton in India grew from 28 million bales in FY07 and further increased to 35.1 million bales in FY17. During FY07-17, raw cotton production expanded at a CAGR of 2.3 per cent. During FY16(1), of the overall amount of raw cotton produced in the country, domestic consumption totalled to 30 million bales, while in FY15(1), the domestic consumption of raw cotton stood at 30.4 million bales. Raw cotton and man-made fibres are major segments in this category.

(Source: Indian Textile Industry - India Brand Equity Foundation www.ibef.org)

INDIAN COTTON YARN SEGMENT OVERVIEW



(Source: Indian Textiles and Apparel Industry – India Brand Equity Foundation www.ibef.org)

TEXTILE INDUSTRY: ADVANTAGE INDIA

Robust Demand

- Increased penetration of organised retail, favourable demographics and rising income levels to drive textile demand.
- Growth in building and construction will continue to drive demand for non-clothing textiles

Increasing Investments

- Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP)- (US\$ 184.98 million) and Technology Upgradation Fund Scheme (TUFS)-(US\$ 216.25 million released in 2017) to encourage more private equity and to train workforce

Competitive Advantages

- Abundant availability of raw materials such as cotton, wool, silk and jute
- India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to major textile producers

Policy Support

- 100 per cent FDI (automatic route) is allowed in the Indian textile sector
- Under Union Budget 2018-19, the government has allocated Rs 30 crore (US\$ 4.63 million) for the Scheme for Integrated Textile Parks, under which there are 47 ongoing projects.
- Free trade with ASEAN countries and proposed agreement with European Union will boost exports

(Source: Textiles and Apparels February 2018 – India Brand Equity Foundation www.ibef.org)

SUMMARY OF BUSINESS

OVERVIEW

Our Company was originally incorporated as “Sumeet Poly Power Limited” at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to “Sumicot Limited” pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

Our Company, Sumicot Ltd., is engaged in the manufacturing and marketing of cotton yarn and cotton knitted fabrics. Incorporated in 2010, our Company acquired a land in Dahej, Gujarat in 2011 which measures over 1,50,000 sq. meters in area. Subsequently, we commenced our commercial operation in year 2014 by setting up an automated manufacturing facility in part of the acquired land with an initial capacity of 19,584 spindles. Moving towards our mission and growing acceptance of our products, we expanded our facility by ramping up installed capacity from 19,584 spindles to 39,168 spindles and 16 knitting machines for cotton fabric manufacturing. We have also installed TFO Machines and Slub Attachment machineries for value addition in Cotton Yarns. Our Company manufactures 100% cotton yarn which includes varieties of combed yarns such as combed compact, combed slub and combed double TFO yarns. The cotton yarn manufactured by our Company is used for weaving and knitting by textile manufacturers. We use our manufactured cotton yarn in our fabric unit for manufacturing of fabric sheets.

Our Group Company, Sumeet Industries Ltd which is engaged in the business of yarn and textile manufacturing since 3 decades is listed both in National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) having an annual turnover of more than Rs. 1,400 crores. With the help of already established brand image of Sumeet Industries Ltd, our Company got an easy access to major corporate houses in both domestic and international markets.

Our individual promoters are Mr. Rakesh Somani and Mr. Rajkumar Somani who have sound knowledge and experience in the industry in which we operate. Our Promoters are engaged in day-to-day operations of our Company and actively participate in decision making activities overhauling overall operations which ranges from manufacturing process, marketing, finance and other commercial activities related to the cotton yarn industry.

Our Company has been focussing in manufacturing of premium quality cotton yarn which meets the requirement of premium segment textile fabric manufacturers which leads to better margins for our Company. Further, we also have strong clientele in both the domestic and export markets ensuring us large and repetitive orders apart from entrusting us w.r.t quality of our cotton yarn.

We understand that quality plays an important role in driving growth, accordingly we procure cotton bales from trusted cotton ginner in Gujarat which provides us constant supply of cotton bales at the prevailing market rates. In the event of higher domestic prices of cotton, our Company contemplates procuring cotton from international markets. Procuring of cotton from domestic market is a strategic decision which leads to quicker delivery of raw material and lower working capital costs.



The level of advancement determines the productivity of machines and labour, which in turn, determines the production and profitability of our Company. Our technical team is equipped with new spinning machines and processing techniques by virtue of which we are able to ensure quality yarn.

Our Company is an ISO 9001:2008 certified assuring our customers of the quality of our products. We focus on producing quality product and accordingly we have installed new machineries in our manufacturing facility keeping them clean to increase customer satisfaction and develop a positive brand image in the industry. Our management and team has enabled us to maintain continuing customer relations, ensuring repeat order flows. Promoters having experience in cotton industry has maintained close relations with its suppliers and tries to strengthen the same.

We have a dedicated in-house Testing and Quality Control Team which undertakes testing and quality management. We have dedicated semi-automatic and manual testing machines. Our Testing and QC team coupled with our testing equipment ensures the quality of raw material dispensed in the production process and also the finished goods delivered to our customers. This helps in improving our procurement process thus reducing wastages, returns and other related costs.

LOCATIONAL PRESENCE

Our Company's registered office and manufacturing facilities are as below:

Registered Office: 504, Trividh Chamber, Opp. Fire Station, Ring Road, Surat – 395002, Gujarat

Manufacturing Facility: Plot No. D-2/Ch-12/A/1, Dahej-II Industrial Estate, Dahej GIDC, OFF. Bharuch-Dahej Road, Village Vadadala, Sub. Dist. Vagra, Dist. Bharuch, Gujarat

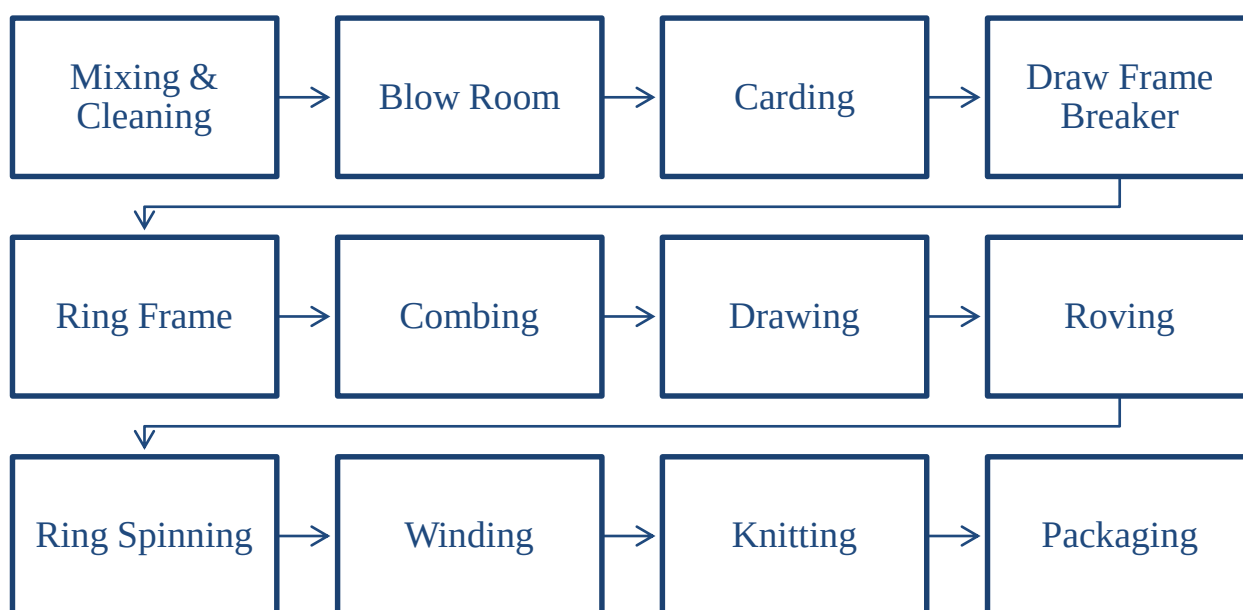
OUR PRODUCTS

Our Company manufactures following categories of products:

Product	Image	Description
Cotton Yarn		Yarn is the end product of spinning. It is the primary component for any knitted fabric. 100% cotton yarn is used to make different type of fabrics. In some cases, the 100% cotton yarn is blended with some other yarn in different ratios to provide different effects like shining or to lend more elasticity to the yarn. It is the yarn count and the twisting mode of the yarn that actually determines the overall strength and look of the manufactured fabric.

Knitted Fabrics		Knitted fabric is a textile that results from knitting. Its properties are distinct from woven fabric in that it is more flexible and can be more readily constructed into smaller pieces, making it ideal for socks and hats. Its properties are distinct from nonwoven fabric in that it is more durable but takes more resources to create, making it suitable for multiple uses.

OUR MANUFACTURING PROCESS



1. Mixing & Cleaning

Cotton fiber is received in form of bales in spinning unit. The cotton received is graded based on quality of lint / trash content / fiber strength & maturity. In the first stage of process, cotton fiber lint which is in compressed form is opened up to make lint fully so that it can be fed to the next manufacturing stage. At this stage external impurities are removed by using compressed air.

2. Blow Room

In the process cotton lint is opened and cleaned thoroughly. The objective is to achieve maximum possible opening of cotton lint and remove physical impurities during the process. This is achieved by passing the cotton lint through series of beaters of various forms. The opened cotton lint is then fed to next manufacturing process i.e. carding.

3. Carding

Carding is the process of converting opened cotton lint into thin web first & then in a loose open rope like form called sliver. This is a very important process in yarn manufacturing from the quality stand point of the final yarn.

4. Draw Frame

Through draw frame, Slivers of high evenness can be produced. An adjustable Suction nozzle over the top rollers ensures cleaner Slivers. It helps to produce compact slivers with uniformity

5. Lap Former

In lap forming process slivers are converted into laps by pressing the doubling of slivers uniformly and material is rolled on a lap. This is intermediate process, which produce feed material for the comb.

6. Combing

As the name suggests, in this process cotton lint is combed to remove fibers below certain specific length. This is a process which improves the strength, appearance & gives lustrous appearance to yarn. It has positive impact on the overall quality and appearance to yarn. It has a positive impact on the overall quality & appearance of the fabric produced from such yarn.

7. Drawing

The loose rope-like stands of fibers called Slivers produced in previous processes are fed into machines called Draw Frames. This process insures that fibers in silver are positioned more parallel and improves uniformity over the longer length. This process is repeated depending up on the quality requirement of the final product to improve uniformity appearance.

8. Roving

The ropelike stands of fiber produced in previous stage are converted into thinner form by way of drafting, twisting & winding. This is called roving. This the penultimate stage of fiber being converted into yarn.

9. Ring Spinning

The roving produced are converted into yarn of the desired count. This process is carried out machines called as Ring Frames. The roving are passed through drafting zones to produce yarn of desired count. Ring Frame are equipped with number of spindles on which yarn that is produced is wound. The Ring Frames are equipped with cleaning facilities- using air and suction to remove protruding fibers. This is key to get the desired yarn quality which smooth & clean in appearance.

10. Winding

The yarn produced in spinning department is converted from small packages to bigger packages for commercial use. At this stage yarn also passed through machines called as Auto Coners. In this process put through a sort of quality check. Here the machine would not allow yarn faults which are objectionable (as required for the final yarn quality). The faults such as thick places, thin places etc. are identified at this stage. The yarn is cut as such objectionable fault and re-connected by knotless process called splicing. This ensures yarn is made available for further fabric manufacturing process of certain specific quality, free of knots and also of certain minimum strength and evenness in appearance.

11. Knitting

This is an additional step when fabric is required to be made. After completion of cotton yarn manufacturing, we use the manufactured yarn for manufacturing fabric sheet through Knitting. Knitting creates multiple loops of yarn, called stitches, in a line or tube. Knitting has multiple active stitches on the needle at one time. Knitted fabric consists of a number of consecutive rows of intermeshing of loops. As each row progresses, a newly created loop is pulled through one or more

loops from the prior row, placed on the gaining needle, and the loops from the prior row are then pulled off the other needle.

12. Packaging

Once the manufacturing process is completed, the yarns are moisturized before being taken for packaging. This step is performed as per the orders of the customers with separate identification for each package. Standard 20' / 40' containers are used for shipping the yarn for Exports.

OUR RAW MATERIALS

The basic raw material required for the manufacture of 100% cotton yarn is ginned cotton. We procure only Shankar-6 quality of cotton which is predominantly grown in Gujarat. The vendors of raw cotton are identified based on the several parameters like the quality of raw material, price competitiveness and the time taken for delivery. The raw cotton required is mainly procured from the local supplies.

The Packing material required by the company are mainly Paper tube, HDPE bag, HM bag, etc. for safety of the products during transportation. Packing materials are easily available in domestic market.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and will continue to be competitive advantages for us, supporting our strategy and contributing to improvements in our financial performance:



1. Experienced Promoters

The Promoters of the Company are Mr. Rakesh Somani and Mr. Rajkumar Somani, they have been associated with the textile industry since many years having a combined experience of more than 2 decade. With their sound knowledge and experience in the industry in which we operate, our Company enjoys a strategic and sensible business decisions which have become the guiding force behind the operational and financial success of our company. They are responsible for the entire business operations of the Company along with an experienced team of professionals who assist them independently.

Their Industry knowledge and understanding is also a key competitive advantage enabling us to expand our geographical and customer presence in existing as well as target markets, while exploring new growth avenues. With their vision and expertise, we have grown in a consistent and speedy manner from the time of our incorporation in 2013. We believe that their experience shall continue to contribute significantly to the growth of our operations.

Our Group Company, Sumeet Industries Limited, listed in both NSE and BSE with an annual turnover of more than Rs. 1,400 crores is an established brand name in the textile industry with presence of over 2 decade. Their knowledge and experience have been aiding our Company to grow and avoid mistakes faced by an early-stage companies. With the support of their brand name, we have been easily catering into large business houses giving us sustained revenue and customers.

2. Government incentives

We are located in the state of Gujarat and enjoy benefits of various incentives provided by central and state government which includes 2% interest subsidy under TUFS, 7% interest subsidy and 5% GST incentive under Gujarat Textile Policy, 2012. Thus, such government incentives gives Company an operating leverage over the units located in other states.

3. Premium Segment

Cotton yarn is a highly competitive industry and our Company believes creating a niche is vital to stand against the competition. Accordingly, since inception, our Company have been manufacturing yarn of premium quality catering to the need of textile manufacturers dealing in premium segment. Our presence in this segment has enabled us to enjoy higher margin than our peers in the same line of business. Since we deal in premium segment, customers prefer to stick to their supplier in order to maintain the consistency of the product consequently leading to sustained revenue and optimum utilization of the installed capacity.

4. Locational Advantage

The manufacturing facility of the Company is located at Dahej, Gujarat. The manufacturing facility is located at a distance of around 15 kms from Dahej port and is in a Shankar-6 cotton rich belt. All infrastructure facilities like skilled labour, raw material, technology, Communication, transportation etc. are easily available due to extensive industrialization in the area. Due to the strategic location of our Company, we are able to curtain our freight costs to some extent.

5. Customer oriented approach

Customer satisfaction is one of our key success factors. We cater to various customers across domestic and export markets. We try to provide customer specific solutions and offer our products and services not in a standard but in a customized manner so as to suit their requirements. Loyalty of our existing customers helps us to maintain a long term working relationship with them. Further our approach has also helped us in expanding our present customer base.

6. Strong Clientele

Our Company generally deal on B2B basis and do not trade our products in general trading market. We generally manufacture cotton yarn on the basis of order received from our customers and provide tailor-made solution to them. Since inception, we have been focusing on catering to quality customers who are already established in the textile industry which leads to sustained revenue flow with large and bulk orders. We have been able to add more such customers in our basket due to the credibility which is added owing to presence of strong clients.

7. Surplus Land available

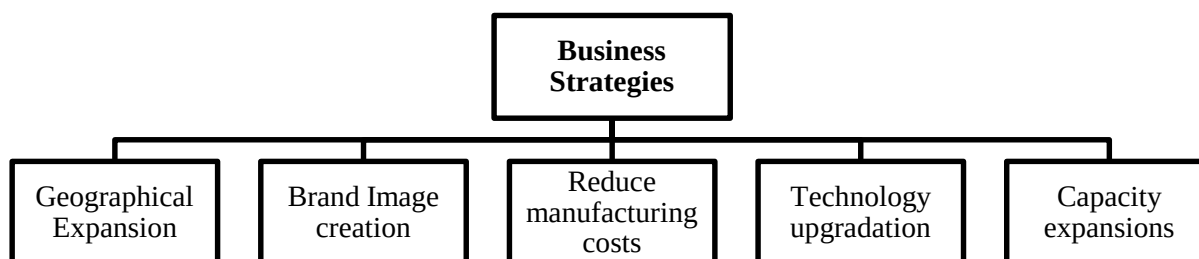
In 2011, our Company acquired a land measuring 1,50,000 sq. meters in Dahej, Gujarat for setting up our manufacturing facility. In 2014, we have installed 19,584 spindles and subsequently in 2017, we have installed further 19,584 spindles apart from 16 knitting machines. After these expansions, we have used approx. 1/3rd of the land acquired and we are currently left with 2/3rd of the total land area which is available for future expansions. With such large land bank already available, it will be easier for our Company to expand its operations.

OUR BUSINESS STRATEGY

Our vision is to meet the critical success factors of customers and provide superior service through clear, concise two-way communication. The goal is to build relationships through our flexibility to meet our customer's changing needs. Our Company is implementing a business strategy with the following key

components. Our strategy will be to focus on capitalizing on our core strengths and expanding the operations of our business.

We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:



1. Geographical Expansion

We understand it is imperative to expand our customer base to grow organically in the business which we operate. For that, our Company has devised 2 most important route, firstly, maintain and continuous improvisation of the quality of yarn we manufacture, secondly, expanding our geographical reach to various places which will add new customers in our basket. By geographical expansion, in both the domestic and international markets, we will be in a position to continue adding new customers. Our locational advantage will be helpful in such expansions.

2. Brand image creation

We would continue to associate ourselves with renowned customers and execute orders to their utmost satisfaction. We are conscious about our brand image and intend to continue our brand building exercise by providing satisfactory services to the customers. Our business relationships have been riding factor for creation of brand image.

3. Reduce manufacturing costs

Raw material costs approx.74.75% of total manufacturing costs while costs such as power, fuel and freight forms another 10.10%. While raw material costs which consists of cotton bales are market linked and are beyond our control, we aim to strive to reduce our overhead costs. For this, we intend to initiate certain activities such as installation of solar panel, water harvesting among others which will ultimately help to curtain other manufacturing costs. We understand curtailing cost without compromise on quality is an important factor to be considered. We intend to improve efficiencies to achieve cost reductions and which will give us a competitive edge over our peers. We believe that this can be achieved through detailed analysis of our processes and continuous process improvement along with keeping pace with technology development.

4. Technology up-gradation

We continue to develop our technology systems to increase asset productivity, operating efficiencies and strengthen our competitive position. We believe that our in-house technology capabilities will continue to play a key role in effectively managing and expanding our operations, maintain strict operational and fiscal controls and continue to enhance customer service levels. We intend to continue to invest in our in-house technology capabilities to develop customized systems and processes to ensure effective management control.

5. Capacity expansions

Our Company acknowledges the importance of capacity expansions is imminent in textile industry and hence we have expanded our capacity from 19,584 spindles to 39,168 spindles apart from setting up knitting and TFO machines. We intend to continuously invest in capacity expansions as and when we see demand of our products exceeding the production quantity. We will be expanding our capacity in both the divisions, namely, Cotton yarn and Fabric division. With already available infrastructure facility, we will be in a sweeter position to expand our facility as we grow our business in coming years.

SWOT ANALYSIS

Strengths:

1. **Experienced management team** – Our Corporate promoter, Sumeet Industries Ltd, has an established track record in textile Industry for more than 2 decade. Further, our promoters are also experienced in the industry who are being supported by strong management team.
2. **Surplus land available** – With the acquisition of large land in 2011, our Company stands to gain with the surplus land which will enable us to expand our operations at a comparatively faster way due to availability of infrastructure facility.

Weaknesses:

1. **Capital intensive industry** – Textile manufacturing by its nature is a capital intensive industry which requires continuous expansions in order to grow its operations organically. Since the facilities generally are automotive and hence operate at around optimum capacity, therefore, to grow its operations continuous investment in capital is required.
2. **Volatile cotton prices** – Cotton forms majority of overall manufacturing costs and the prices of cotton bales are highly volatile. Since margins are thin in textile business, any adverse movements may affect the overall profitability of the business.

Opportunities:

1. **Government focus and incentives** – Textile being a job-generating industry, government has been increasing its focus ever since by providing various subsidies and industry favor policies. With such initiatives by government, textile industry is poised to grow.
2. **Increasing foreign demand** – India has been a major exporter of yarn and textile fabrics across the globe, due to the availability of quality raw material within the country. With expanding foreign demand, there lies an opportunity to grow the business presence organically.

Threats:

1. **Capital intensive industry** – It is an inherent requirement of textile industry to continuously invest in capital expansions with advanced and latest technologies to increase its production and revenue which causes funds constraints adversely hampering the business.
2. **Highly competitive arena** – Textile industry is century old business in India with presence of numerous small, unorganized and organized player which are established in the industry. This leads to tough competition among the players affecting the pricing power of any specific player.

SUMMARY OF FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

ANNEXURE I

(Rs. in Lacs)

	Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I.	EQUITY AND LIABILITIES						
(1)	Shareholder's Funds						
	(a) Share Capital	867.00	867.00	750.00	655.20	525.75	245.00
	(b) Reserves and Surplus	4,783.82	4,009.69	2,852.11	2,345.15	1,478.60	242.62
	(c) Money received against Share Warrants	-	-	-	-	-	-
(2)	Share Application Money pending allotment	-	-	-	-	-	-
(3)	Non-Current Liabilities	-	-	-	-	-	-
	(a) Long-Term Borrowings	7,731.56	8,543.70	4,757.58	5,075.52	4,122.09	696.15
	(b) Deferred Tax Liabilities (Net)	58.12	-	-	-	0.23	0.11
	(c) Other Long Term Liabilities	-	-	-	-	-	-
	(d) Long-Term Provisions	-	-	-	-	-	-
(4)	Current Liabilities	-	-	-	-	-	-
	(a) Short-Term Borrowings	1,998.43	1,569.00	1,014.72	1,052.36	-	0.04
	(b) Trade Payables	1,951.41	1,110.14	374.94	282.98	-	-
	(c) Other Current Liabilities	1,423.27	1,674.02	907.17	706.84	3.04	489.64
	(d) Short-Term Provisions	350.84	122.42	23.71	18.22	0.19	1.41
	TOTAL	19,164.45	17,895.98	10,680.22	10,136.27	6,129.91	1,674.98
II.	ASSETS						
(1)	Non-Current Assets						
	(a) Fixed Assets						
	(i) Tangible Assets	11,701.69	12,175.69	5,756.26	7,042.28	1,461.40	1,415.23
	(ii) Intangible Assets	-	-	-	-	-	-
	(iii) Capital work-in-progress	-	-	1,118.94	261.71	4,598.58	31.77
	(iv) Intangible assets under development	-	-	-	-	-	-
		11,701.69	12,175.69	6,875.20	7,304.00	6,059.98	1,447.00
	Less: Revaluation Reserve	528.59	528.59				
	Net Fixed Assets	11,173.10	11,647.10	6,875.20	7,304.00	6,059.98	1,447.00

	(b) Non-Current Investments	-	-	-	-	-	-
	(c) Deferred Tax Assets (Net)	-	288.06	176.23	212.16	-	-
	(d) Long-Term Loans and Advances	73.23	1.03	151.06	156.48	0.44	214.50
	(e) Other Non-Current Assets	0.10	0.20	0.20	-	-	-
(2)	Current Assets	-	-	-	-	-	-
	(a) Current Investments	-	-	-	-	-	-
	(b) Inventories	2,044.27	1,763.08	1,158.20	898.81	-	-
	(c) Trade Receivables	3,349.98	2,503.12	1,215.18	747.59	-	-
	(d) Cash and Cash Equivalents	258.87	124.74	81.01	65.98	62.32	10.09
	(e) Short-Term Loans and Advances	2.17	0.40	2.74	7.55	0.14	-
	(f) Other Current Assets	2,262.72	1,568.26	1,020.41	743.70	7.03	3.38
	TOTAL	19,164.45	17,895.98	10,680.22	10,136.27	6,129.91	1,674.98

STATEMENT OF PROFIT AND LOSS AS RESTATED
ANNEXURE II

(Rs. in Lacs)

Sl. No.	Particulars	Period Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
		31st Dec. 2017	31st March 2017	31st March 2016	31st March 2015	31st March 2014	31st March 2013
I.	Revenue from Operations	14,775.93	10,530.80	6,738.32	3,855.04	-	-
II.	Other Incomes	8.47	16.82	15.44	8.94	3.83	5.40
III.	Total Revenue (I + II)	14,784.40	10,547.62	6,753.76	3,863.99	3.83	5.40
IV.	Expenses:						
	<u>Manufacturing Expenses</u>						
	Cost of Materials Consumed & Direct Expenses	11,900.40	8,298.00	4,776.06	2,569.48	-	-
	Purchases of Stock-in-Trade	-	-	-	-	-	-
	Changes in Inventories of Finished Goods	14.50	(86.00)	9.51	(36.36)	-	-
	Changes in Inventories Work-in-Progress	7.35	(393.32)	(85.02)	(262.49)	-	-
		-	-	-	-	-	-
	<u>Administrative & Selling Expenses</u>	-	-	-	-	-	-
	Employee Benefit Expenses	309.58	289.17	179.11	81.65	1.20	0.60
	Other Expenses	141.86	183.81	135.54	110.18	1.64	0.47
	Finance Costs	659.12	666.46	421.90	290.55	0.00	0.19
	Depreciation and Amortization Expense	631.28	1,105.34	1,200.39	1,026.40	-	-
V	Total Expenses	13,664.10	10,063.46	6,637.48	3,779.41	2.84	1.26
VI.	Profit before Exceptional and Extraordinary Items and Tax (III - V)	1,120.30	484.16	116.28	84.58	0.99	4.14
VII.	Exceptional Items				-		-
VII I.	Profit before Extraordinary Items and Tax (VI - VII)	1,120.30	484.16	116.28	84.58	0.99	4.14
IX.	Extra Ordinary Items						
X.	Profit before Tax (VIII - IX)	1,120.30	484.16	116.28	84.58	0.99	4.14
XI.	Tax Expense:						
	(1) Current tax	228.42	98.72	23.71	16.45	0.19	1.22
	(2) MAT Credit	(228.42)	(98.72)	(23.71)	(16.45)	-	-
	(3) Deferred Tax	346.17	(111.83)	35.93	(212.39)	0.12	0.11

	Less: Deficit Income Tax Provision for earlier year	-	-	-	-	-	-
XII .	Profit/ (Loss) for the period from Continuing Operations (X - XI)	774.13	595.99	80.35	296.97	0.68	2.81
XII I.	Profit/Loss from Discontinuing Operations	-	-	-	-	-	-
XI V.	Tax Expense of Discontinuing Operations	-	-	-	-	-	-
X V	Profit/ (Loss) from Discontinuing Operations (after Tax)						
	(XIII - XIV)	-	-	-	-	-	-
	Profit/ (Loss) for the Period (XII + XV)	774.13	595.99	80.35	296.97	0.68	2.81
	Change in Profit due to Restatement	(0.16)	(163.22)	(0.69)	0.92	(1.29)	1.52

STATEMENT OF CASH FLOW AS RESTATED
III

ANNEXURE

(Rs. in Lacs)

Particulars		As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
[A]	CASH FLOW FROM OPERATING ACTIVITIES :						
	Net Profit before Tax	1,120.30	484.16	116.28	84.58	0.99	4.14
Add:	Depreciation	631.28	1,105.34	1,200.39	1,026.40	-	-
	Deferred Revenue Expenditure	0.10	-	(0.20)	-	-	-
	Finance Cost	659.12	666.46	421.90	290.55	0.00	0.19
		2,410.80	2,255.96	1,738.37	1,401.53	0.99	4.33
Less :	Profit on Sale of Fixed Assets	0.16	-	-	-	-	-
	Interest Income	5.50	8.05	6.09	4.59	1.35	-
		2,405.14	2,247.90	1,732.28	1,396.93	(0.36)	4.33
Less :	Adjustment For :						
	Increase/(Decrease) In Inventories	281.19	604.88	259.39	898.81	-	-
	Increase/(Decrease) In Trade Receivable	846.86	1,287.93	467.60	747.59	-	-
	Increase/(Decrease) In Other Current Assets	467.82	446.80	248.19	727.63	3.79	2.91
		809.26	(91.70)	757.10	(977.09)	(4.15)	1.42
Add:	Adjustment For :						
	Increase/(Decrease) In Trade Payables	841.28	735.20	91.95	282.98	-	-
	Increase/(Decrease) In Current Liabilities & Provisions	(248.91)	51.35	198.06	44.05	(486.78)	(188.48)
		1,401.63	694.84	1,047.12	(650.06)	(490.93)	(187.06)
Less :	Taxes Paid	-	-	16.45	0.19	1.22	-
	Net Cash Flow from Operating Activities - [A]	1,401.63	694.84	1,030.67	(650.25)	(492.15)	(187.06)
[B]	Cash Flow from Investing Activities						
Add:	Adjustment For :						
	Interest Income	5.50	8.05	6.09	4.59	1.35	-
		5.50	8.05	6.09	4.59	1.35	-
Less :	Adjustment For :						

	Purchases of Fixed Assets (Net)	157.12	5,877.24	771.58	2,270.42	4,612.98	128.51
	Advances for Capital Goods	72.20	(150.22)	(5.56)	155.77	(214.50)	214.50
	Net Cash Flow From Investing Activities - [B]	(223.82)	(5,718.97)	(759.94)	(2,421.60)	(4,397.12)	(343.01)
[C]	Cash Flow From Financing Activities						
Add:	Proceeds from Share Capital Issued	-	678.60	521.40	699.03	1,516.05	480.00
	Increase(Decrease) in Unsecured Loan / Deposits	-	256.44	86.85	16.57	360.48	55.79
	Increase(Decrease) in Bank Loan	(384.55)	4,799.28	(442.06)	2,650.46	3,064.98	-
Less :	Finance Cost	659.12	666.46	421.90	290.55	0.00	0.19
	Net Cash Flow from Financing Activities - [C]	(1,043.67)	5,067.86	(255.71)	3,075.51	4,941.50	535.60
	Net Increase/(Decrease) in Cash And Cash Equivalents [A+B+C]	134.13	43.73	15.02	3.66	52.22	5.53
	Cash and Cash Equivalents at the Beginning of the Year	124.74	81.01	65.98	62.32	10.09	4.56
	Cash and Cash Equivalents at the End of the Year	258.87	124.74	81.01	65.98	62.32	10.09

THE ISSUE

The following table summarizes the Issue details:

Particulars	Details of Equity Shares
Issue of Equity Shares by Our Company	Issue of Upto 57,80,000* Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●]/- per Equity share aggregating to Rs. [●] Lakhs
Of Which:	
Market Maker Reservation Portion	[●] Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating to Rs. [●] Lakhs
Net Issue to the Public	[●] Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●] /- per share aggregating Rs. [●] Lakhs
Of Which	
QIB Portion	QIB Portion being [●]% of the net issue aggregating upto [●] Equity shares shall be available for allocation
Of Which	
Anchor Investor Portion	[●] Equity Shares of face value of Rs.10/- each
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of Rs.10/- each
Of Which	
Available for allocation to Mutual Funds only (5% of the QIB portion (excluding Anchor Investor Portion))	[●] Equity Shares of face value of Rs.10/- each
Balance of all QIBs including Mutual Funds	[●] Equity Shares of face value of Rs.10/- each
Retail Portion	not less than 35% of the Net Issue aggregating to not less than [●] Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. [●]/- per Equity share aggregating Rs. [●] Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs
Non-Institutional Portion	not less than 15% of the Net Issue aggregating to not less than [●] Equity Share of face value of Rs. 10/- each fully paid of the Company for cash at price of [●]/- per Equity Share aggregating Rs. [●] lakhs will be available for allocation to investors above Rs. 2.00 Lakhs
Pre and Post Issue Equity Shares	
Equity Shares outstanding prior to the Issue	86,70,000 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Issue	Upto 1,44,50,000 Equity Shares of face value of Rs.10/- each
Use of proceeds of this Issue	For further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page 105 of this Draft Red

	Herring Prospectus for information on use of Issue Proceeds.

**Number of shares may need to be adjusted for lot size upon determination of issue price.*

Notes:-

- The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on March 08, 2018 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Extra Ordinary General Meeting held on April 02, 2018.
- The present issue is being made by our Company in terms of Regulation 106(M)(2) of SEBI ICDR Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the post-issue paid-up equity share capital of our Company are being issued to the public for subscription.”

This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time.

1. *In the event of over-subscription, Allotment shall be made on a proportionate basis, subject to valid Bids received at or above the Issue Price;*
2. *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.*
3. *Our Company in consultation with the BRLM allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI Regulation. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids.*

For further details please refer to section titled ‘Issue Information’ beginning on page 312 of this Draft Red Herring Prospectus.



GENERAL INFORMATION

Our Company was originally incorporated as “Sumeet Poly Power Limited” at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to “**Sumicot Limited**” pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017 for the purpose of *Corporate Rebranding*. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled ‘*Our History and Certain Other Corporate Matters*’ beginning on page 171 of this Draft Red Herring Prospectus.

REGISTERED OFFICE OF OUR COMPANY

Sumicot Limited

504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat-395002,
Gujarat, India

Tel: 0261- 2328902

Fax: 0261 - 2334189

Email: info@sumicot.com

Website: www.sumicot.com

Corporate Identification Number: U40106GJ2010PLC063028.

CORPORATE OFFICE OF OUR COMPANY

Sumicot Limited

703, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat 395002
Gujarat, India

REGISTRAR OF COMPANIES

Registrar of Companies, Ahmedabad, Gujarat

ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur bus stop,
Naranpura, Ahmedabad-380013,
Gujarat, India

Website: www.mca.gov.in

DESIGNATED STOCK EXCHANGE

National Stock Exchange of India Limited

Exchange Plaza, C/1, G Block,
Bandra Kurla Complex
Bandra (East), Mumbai - 400 051,
Maharashtra, India

BOARD OF DIRECTORS OF OUR COMPANY

Sr. No.	Name	Age (in Years)	DIN	Address	Designation
1.	Rakesh Somani	34	00274613	37, Sangam Society, Citylight, Surat - 395007, Gujarat, India	Managing Director
2.	Rajkumar Somani	58	00254038	37, Sangam Society, Citylight, Surat-395007, Gujarat, India	Non Executive Director
3.	Sumeet Somani	37	00318156	12, Keshav Park Society, near maskati plot, Parle Point, Athwalines, Surat - 395007, Gujarat, India	Non Executive Director
4.	Sandhya Jain	34	03549808	Flat no 3, 3 rd Floor, Derani Jethani Apartment, Kailash Nagar, Surat-395002, Gujarat, India	Independent Director
5.	Harmil Shah	31	06797445	404, Amizara Apartment, Near Tennis Club, Athwa lines, Surat - 395001, Gujarat, India	Independent Director
6.	Sonam Pitliya	29	07983107	C - 402, Jolly Residency, Near Aagam Arcade, Vesu, Surat - 395007, Gujarat, India	Independent Director

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 175 of this Draft Red Herring Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Varsha Maheshwari

Sumicot Limited

504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat-395002,
Gujarat, India

Tel: 0261- 2328902

Fax: 0261- 2334189

Email: corporate@sumicot.com

Website: www.sumicot.com

CHIEF FINANCIAL OFFICER

Ritesh Somani

Sumicot Limited

504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat-395002,
Gujarat, India

Tel: 0261- 2328902

Fax: 0261- 2334189

Email: cfo@sumicot.com

Website: www.sumicot.com



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

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, ASBA Form number, Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder.

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

For all issue related queries and for redressal of complaints, bidders may also write to the Book Running Lead Manager. All complaints, queries or comments received by Stock Exchange/ SEBI shall be forwarded to the Book Running Lead Manager, who shall respond to the same.

STATUTORY AUDITOR AND PEER REVIEW AUDITOR

B Chordia and Co.

Chartered Accountants

808-09, Ajanta Shopping Centre,

Near Metro Tower, Ring Road,

Surat - 395002, Gujarat, India

Tel: +91 261 6662008

Fax: Not Available

Email: bcc.vikas@gmail.com/ bchordia.co@gmail.com

Contact Person: Vikas Chordia

Firm Registration No.: 121083W

Membership No.: 158536

M/s B. Chordia and Co., Chartered Accountant holds a peer reviewed certificate dated June 30, 2017 issued by the Institute of Chartered Accountants of India which is valid till June 29, 2020.

BOOK RUNNING LEAD MANAGER

Pantomath Capital Advisors Private Limited

406-408, Keshava Premises, Behind Family Court,

Bandra Kurla Complex, Bandra (East)

Mumbai- 400051, Maharashtra, India

Tel: +91 22 6194 6700

Fax: + 91 22 2659 8690

Email: ipo@pantomathgroup.com

Website: www.pantomathgroup.com

Contact Person: Hardik Bhuta

SEBI Registration No: INM000012110

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis,

Makwana Road, Marol, Andheri East, Mumbai – 400059,

Maharashtra, India

Tel: 022 62638200

Fax: 022 62638299

Email: ipo@bigshareonline.com

Website: www.bigshareonline.com

Contact Person: Babu Raphael

LEGAL ADVISOR TO THE ISSUE

M V Kini, Law Firm

Kini House, Near Citi Bank,
D.N. Road, Fort, Mumbai - 400 001

Tel: +91 22 22612527/28/29

Fax: +91 22 22612530

E-mail: vidisha@mvkini.com

Contact Person: Vidisha Krishan

Website: www.mvkini.com

BANKER TO THE COMPANY

[•]

[•]

Tel: [•]

Fax: [•]

E-mail: [•]

Contact Person: [•]

Website: [•]

PUBLIC ISSUE BANK / BANKER TO THE ISSUE/ REFUND BANKER

ICICI Bank Limited

Capital Market Division,
1st Floor, 122, Mistry Bhavan,
Dinshaw Vachha Road, Backbay Reclamation,
Churchgate, Mumbai – 400 020, Maharashtra,
India

Tel: +91 22 66818923/924

Fax: +91 22 22611138

Email: shweta.surana@icicibank.com

Contact Person: Shweta Surana

Website: www.icicibank.com

SEBI Registration Number: INBI000000004

SYNDICATE MEMBER

Pantomath Stock Brokers Private Limited

108, Madhav Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East), Mumbai - 400051

Tel: +91 22 26598692

Fax: +91 22 26598690

Email: broking@pantomathgroup.com

Contact Person: Mahavir Toshniwal

Website: www.pantomathgroup.com

SEBI Registration Number: INZ000068338

DESIGNATED INTERMEDIARIES



Self Certified Syndicate Banks

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on [http://www.sebi.gov.in/sebiweb/home/detail/32931/yes/List-of-Self-Certified-Syndicate-Banks-SCSBsfor- Syndicate-ASBA](http://www.sebi.gov.in/sebiweb/home/detail/32931/yes/List-of-Self-Certified-Syndicate-Banks-SCSBsfor-Syndicate-ASBA). For details on Designated Branches of SCSBs collecting the Application Form, please refer to the above-mentioned SEBI link.

Registered Brokers

Bidders can submit Bid cum Application Forms in the Issue using the stock brokers network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. 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 National Stock Exchange of India, as updated from time to time. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, the list of branches of the SCSBs at the Broker Centres named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

Registrar to Issue and Share Transfer Agents

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

Collecting Depository Participants

The list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange at National Stock Exchange India Limited, as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

CREDIT RATING

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

IPO GRADING

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

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Pantomath Capital Advisors Private Limited is the sole Book Running Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Book Running Lead Manager is not applicable.

APPRAISAL AND MONITORING AGENCY

As per regulation 16(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 10,000 Lakhs. Since the Issue size is only of Rs. [●] lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

EXPERT OPINION

Except the report of the Peer Reviewed Auditor on statement of tax benefits and report on restated financials for the Period ended December 31, 2017 And for the year ended March 2017, 2016, 2015, 2014 and 2013 included in this Draft Red Herring Prospectus, our Company has not obtained any other expert opinion.

BOOK BUILDING PROCESS

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company in consultation with the BRLM in accordance with the Book Building Process, and advertised in all editions of a widely circulated English Newspaper, all editions of a widely circulated Hindi Newspaper and a widely circulated Gujarati Newspaper, Gujarati being the regional language of Gujarat, where our registered office is situated at least five working days prior to the Bid/ Issue Opening date, after the Bid/Issue Closing Date. The Issue Price shall be determined by our Company, in consultation with the BRLM in accordance with the Book Building Process. Principal parties involved in the Book Building Process are:

- Our Company;
- The Book Running Lead Manager in this case being Pantomath Capital Advisors Private Limited, the Syndicate Member(s) who are intermediaries registered with SEBI/ registered as brokers with National Stock Exchange of India Limited and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the BRLM;
- The Registrar to the Issue and;
- The Designated Intermediaries

The SEBI ICDR Regulations have permitted the Issue of Securities to the public through the Book Building Process, wherein [●]% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with BRLM may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis, one-third of the Anchor Investor Portion shall be Reserved for domestic Mutual Funds, subject to valid Bids being Received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the issue Price. In the event the aggregate demand from Mutual Fund is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and [●]% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated stock Exchange. However, under-subscription, if any in the QIB Portion will not be allowed to be met with spillover from the categories or combination of categories.

All Bidders (excluding Anchor Investors) can participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process. In accordance with the

SEBI Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bids prior to the Bid/Issue Closing Date. Anchor Investor are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

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

For further details on the method and procedure for Bidding, please see section entitled “*Issue Procedure*” on page 323 of this Draft Red Herring Prospectus

Illustration of Book Building and Price Discovery Process (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue) Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per equity share, Issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to Issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The issuer, in consultation with the Book Running Lead Manager will finalize the Issue price at or below such cut-off price, i.e., at or below Rs. 22/-. All bids at or above this Issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding:

1. Check eligibility for making a Bid (see section titled “*Issue Procedure*” on page 323. of this Draft Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims

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

BID / ISSUE PROGRAMME

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

Event	Indicative Date
Bid/Issue Opening Date*	[●]
Bid/Issue Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds	[●]
Credit of Equity Shares to Demat Accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

***Our Company may, in consultation with the BRLM, consider participation by Anchor Investor. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI Regulations.*

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

Bids and any revision to the same shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Issue Period. On the Issue Closing Date, the Bids and any revision to the same shall be accepted between 10.00 a.m. and 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders after taking into account the total number of bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days. Neither our Company nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Non Retail Bidders shall not be allowed to either withdraw or lower the size of their Bid at any stage. Non Retail Bidders may revise their Bids upwards (in terms of quantity of Equity Shares) during the Issue Period. Such upward revision must be made using the Revision Form.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / Stock Brokers, as the case may be, for rectified data.

UNDERWRITER

Our Company and Book Running Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated [●] and pursuant to the terms of the underwriting agreement; obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being offered through this Issue

Name and Address of the Underwriters	Indicative Number of Equity shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)	% of the Total Issue Size Underwritten
Pantomath Capital Advisors Private Limited 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra, India Tel: +91 22 61946700 Fax: +91 22 26598690 Email: ipo@pantomathgroup.com Contact Person: Hardik Bhuta SEBI Registration Number: INM000012110	Upto 57,80,000	[●]	100%
Total	Upto 57,80,000	[●]	100%

**Includes [●] Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 106 V(4) of the SEBI (ICDR) Regulations, 2009, as amended*

DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Book Running Lead Manager have entered into an agreement dated [●] with the following Market Maker, duly registered with EMERGE Platform of National Stock Exchange of India Limited to fulfil the obligations of Market Making:-

Pantomath Stock Brokers Private Limited

406-408, Keshava Premises, Behind Family Court,
Bandra Kurla Complex, Bandra (East),
Mumbai 400051,
Gujarat, India

Tel: +91 22 6194 6700

Fax: +91 22 2659 8690

Email: broking@pantomathgroup.com

Contact Person: Mahavir Toshniwal

SEBI Registration Number: INZ000068338

Market Maker Registration No. (SME Segment of NSE): SMEMM0664612092016

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

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, as amended from time to time and the circulars issued by National Stock Exchange of India Limited and SEBI in this matter from time to time.

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. 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. Further the Market Maker(s) shall inform the Exchange

in advance for each and every black out period when quotes are not being offered by the Market Makers.

2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of EMERGE Platform of National Stock Exchange of India and SEBI from time to time.
3. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to Issue their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.
4. The Market Maker shall not sell in lots less than the minimum contract size allowed for trading on the EMERGE Platform of National Stock Exchange of India (in this case currently the minimum trading lot size is [●] equity shares; however the same may be changed by the EMERGE Platform of National Stock Exchange of India from time to time). Based on the IPO price of [●]/- the minimum lot size is [●] Equity Shares thus minimum depth of the quote shall be Rs. [●]/- until the same, would be revised by National Stock Exchange of India Limited.
5. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size (including the [●] Equity Shares out to be allotted under this Issue). Any Equity Shares allotted to Market Maker under this Offer over and above 25% 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 reduce to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.
6. There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, National Stock Exchange of India Limited may intimate the same to SEBI after due verification.
7. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
8. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, Pantomath Stock Brokers Private Limited is acting as the sole Market Maker.
9. 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.
10. Price Band and Spreads: SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for offer size up to Rs.250 Crores, the applicable price bands for the first day shall be:
 7. 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.
 8. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the offer price.

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

11. 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.
12. The Market Maker shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Book Running 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 Book Running Lead Manager to arrange for another Market Maker(s) 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 the Company and the Book Running Lead Manager reserve the right to appoint other Market Maker(s) 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 5 (five) 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.

13. EMERGE Platform of National Stock Exchange of India Limited 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. National Stock Exchange of India Limited can impose any other margins as deemed necessary from time-to-time.
14. EMERGE Platform of National Stock Exchange of India Limited 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.

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

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

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

CAPITAL STRUCTURE

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

Amount (Rs.in lakhs except share data)

No	Particulars	Aggregate nominal value	Aggregate value at Issue Price
A.	Authorised Share Capital		
	1,60,00,000 Equity Shares of face value of Rs. 10/- each	1,600.00	
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue		
	86,70,000 Equity Shares of face value of Rs. 10/- each	867.00	
C.	Present Issue in terms of this Draft Red Herring Prospectus		
	Issue of upto 57,80,000 Equity Shares of face value of Rs.10 each at a price of Rs. [●]/- per Equity Share	Upto 578.00	[●]
	Consisting:		
	Reservation for Market Maker – [●] Equity Shares of face value of Rs. 10/- each reserved as Market Maker portion at a price of Rs. [●]/- per Equity Share	[●]	[●]
	Net Issue to the Public – [●] Equity Shares of face value of Rs. 10/- each at a price of Rs. [●]/- per Equity Share	[●]	[●]
	Of the Net Issue to the Public -		
	QIB portion being [●]% of the Net Issue aggregating [●] Equity Shares		
	Non – Institutional Portion of not less than 15% of the Net Issue aggregating to not less than [●] Equity Shares	[●]	[●]
	Retail Portion of not less than 35% of the Net Issue aggregating to not less than [●] Equity Shares	[●]	[●]
D.	Issued, Subscribed and Paid-Up Share Capital after the Issue		
	Upto 1,44,50,000 Equity Shares of face value of Rs. 10/- each	Upto 1,445.00	
E.	Securities Premium Account		
	Before the Issue		3,033.08
	After the Issue		[●]

The Issue has been authorised by the Board of Directors of our Company *vide* a resolution passed at its meeting held on March 08, 2018 and by the shareholders of our company *vide* a Special Resolution passed pursuant to Section 62 (1) (c) of Companies Act, 2013 at the Extra Ordinary General Meeting held on April 02, 2018.

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

NOTES TO THE CAPITAL STRUCTURE

1. Details of changes in Authorised Share Capital:

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

Particulars of Change		Date of Shareholder s' Meeting	AGM / EGM
Increased / Reclassified From	Increased / Reclassified To		
The authorised share capital of our Company on incorporation comprised of Rs. 10,00,000 divided into 1,00,000 Equity Shares of Rs. 10 each		On Incorporation	-
Rs. 10,00,000 consisting of 1,00,000 Equity shares of Rs. 10 each	Rs. 2,50,00,000 consisting of 25,00,000 Equity shares of Rs. 10 each	March 11, 2013	EGM
Rs. 2,50,00,000 consisting of 25,00,000 Equity shares of Rs. 10 each	Rs. 7,50,00,000 consisting of 75,00,000 Equity shares of Rs. 10 each	January 03, 2014	EGM
Rs. 7,50,00,000 consisting of 75,00,000 Equity shares of Rs. 10 each	Rs. 8,75,00,000 consisting of 87,50,000 Equity shares of Rs. 10 each	March 14, 2016	EGM
Rs. 8,75,00,000 consisting of 87,50,000 Equity shares of Rs. 10 each	Rs. 16,00,00,000 consisting of 1,60,00,000 Equity shares of Rs. 10 each	February 19, 2018	EGM

2. History of Equity Share Capital of our Company

Date of Allotment/ Fully Paid up	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Paid-up Capital (Rs.)
On Incorporation	50,000	10	10	Cash	Subscription to MOA ⁽¹⁾	50,000	500,000
March 18, 2013	24,00,000	10	20	Cash	Further Allotment ⁽²⁾	24,50,000	2,45,00,000
January 08, 2014	20,28,000	10	54	Cash	Further Allotment ⁽³⁾	44,78,000	4,47,80,000
March 31, 2014	7,79,500	10	54	Cash	Further Allotment ⁽⁴⁾	52,57,500	5,25,75,000
December 01, 2014	6,43,500	10	54	Cash	Private Placement ⁽⁵⁾	59,01,000	5,90,10,000
January 29, 2015	6,51,000	10	54	Cash	Private Placement ⁽⁶⁾	65,52,000	6,55,20,000
March 19, 2016	9,48,000	10	55	Cash	Private Placement ⁽⁷⁾	75,00,000	7,50,00,000
October 13, 2016	7,13,000	10	58	Cash	Private Placement ⁽⁸⁾	82,13,000	8,21,30,000
November 25, 2016	4,57,000	10	58	Cash	Private Placement ⁽⁹⁾	86,70,000	8,67,00,000

- 1) Initial Subscribers to Memorandum of Association subscribed 50,000 Equity Shares of face value of Rs. 10/-each fully paid at par as per the details given below:

Sr. No.	Name of Allottees	No. of shares subscribed
1.	Shankarlal Somani	2,000
2.	Rakesh Somani	1,000
3.	Manish Somani	1,000
4.	Mahesh Somani	22,000
5.	Rajkumar Somani	22,000
6.	Sumeet Somani	1,000
7.	Sushil Somani	1,000
	Total	50,000

- 2) Further allotment of 24,00,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 10 per Equity Share on March 18, 2013 as per the details given below:

Sr. No.	Name of Allottees	No. of shares subscribed
1.	Sumeet Industries Limited	12,00,000
2.	Rangila Fabrics Private Limited	7,50,000
3.	Betex India Limited	75,000
4.	Rajkumar Somani	1,60,000
5.	Ritesh Somani	80,000
6.	Sumendevi Somani	75,000
7.	Rakesh Somani	60,000
	Total	24,00,000

- 3) Further allotment of 20,28,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 44 per Equity Share on January 08, 2014 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Sumeet Industries Limited	4,80,000
2.	Rangila Fabrics Private Limited	1,48,000
3.	Betex India Limited	3,30,000
4.	Akashganga Processor Private Limited	90,000
5.	Dhanvirdhi Financial Consultants Private Limited	5,35,000
6.	Somani Overseas Private Limited	4,45,000
	Total	20,28,000

- 4) Further allotment of 7,79,500 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 44 per Equity Share on March 31, 2014 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Sumeet Industries Limited	50,000
2.	Betex India Limited	3,000
3.	Akashganga Processor Private Limited	2,500
4.	Dhanvirdhi Financial Consultants Private Limited	6,24,000
5.	Somani Overseas Private Limited	1,00,000
	Total	7,79,500

- 5) Private Placement of 6,43,500 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 44 per Equity Share on December 01, 2014 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Rangila Fabrics Private Limited	30,000
2.	Betex India Limited	3,09,000
3.	Akashganga Processor Private Limited	1,07,500

Sr. No.	Name of Allottees	No. of shares Allotted
4.	Somani Overseas Private Limited	9,000
5.	Sitaram Prints Private Limited	1,88,000
	Total	6,43,500

- 6) Private Placement of 6,51,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 44 per Equity Share on January 29, 2015 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Rangila Fabrics Private Limited	2,51,000
2.	Betex India Limited	2,00,000
3.	Akashganga Processor Private Limited	2,00,000
	Total	6,51,000

- 7) Private Placement of 9,48,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 45 per Equity Share on March 19, 2016 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Betex India Limited	4,54,000
2.	National Poly Yarn Private Limited	4,94,000
	Total	9,48,000

- 8) Private Placement of 7,13,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 48 per Equity Share on October 13, 2016 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Dhanvirdhi Financial Consultants Private Limited	3,74,000
2.	National Poly Yarn Private Limited	1,73,000
3.	Sumeet Menthol Private Limited	1,66,000
	Total	7,13,000

- 9) Private Placement of 4,57,000 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 48 per Equity Share on November 25, 2016 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1.	Sumeet Menthol Private Limited	4,57,000
	Total	4,57,000

- We have not issued any Equity Shares for consideration other than cash.
- No Equity Shares have been allotted pursuant to any scheme approved under Section 230-240 of the Companies Act, 2013.
- Our Company has not revalued its assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
- No shares have been issued at price below Issue Price within last one year from the date of this Draft Red Herring Prospectus.

6. Build-up of Promoters' shareholding, Promoters' contribution and lock-in

i. Build Up of Promoter's shareholdings

As on the date of this Draft Red Herring Prospectus, our Promoters Rakesh Somani, Rajkumar Somani, Akashganga Processor Private Limited, Betex India Limited and Rangila Fabrics Private Limited together holds 31,93,000 Equity Shares of our Company.

1) Rakesh Somani

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
November 23, 2010	1,000	10	10	Subscription to MOA	0.01%	[●]	No
March 18, 2013	60,000	10	20	Further Allotment	0.69%	[●]	No
Total	61,000				0.70%	[●]	

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

2) Rajkumar Somani

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
November 23, 2010	22,000	10	10	Subscription to MOA	0.25%	[●]	No
March 18, 2013	1,60,000	10	20	Further Allotment	1.85%	[●]	No
Total	1,82,000				2.10%	[●]	

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

3) Akashganga Processor Private Limited

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
January 8, 2014	90,000	10	54	Further Allotment	1.04	[●]	No
March 31, 2014	2,500	10	54	Further Allotment	0.03	[●]	No
December 01, 2014	1,07,500	10	54	Private Placement	1.24	[●]	No
January 29, 2015	2,00,000	10	54	Private Placement	2.31	[●]	No
TOTAL	4,00,000				4.61	[●]	

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

4) Betex India Limited

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
March 18, 2013	75,000	10	20	Further Allotment	0.87	[●]	No
January 8, 2014	3,30,000	10	54	Further Allotment	3.81	[●]	No
March 31, 2014	3,000	10	54	Further Allotment	0.03	[●]	No
December 01, 2014	3,09,000	10	54	Private Placement	3.56	[●]	No
January 29, 2015	2,00,000	10	54	Private Placement	2.31	[●]	No
March 19, 2016	4,54,000	10	55	Private Placement	5.24	[●]	No
TOTAL	13,71,000				15.81	[●]	

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

5) Rangila Fabrics Private Limited

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
March 18, 2013	7,50,000	10	20	Further Allotment	8.65	[●]	No
January 08, 2014	1,48,000	10	54	Further Allotment	1.71	[●]	No
December 01, 2014	30,000	10	54	Private Placement	0.35	[●]	No
January 29, 2015	2,51,000	10	54	Private Placement	2.90	[●]	No
TOTAL	11,79,000				13.60	[●]	

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment

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

Pursuant to Regulation 32 and 36 of SEBI ICDR Regulations, an aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as Promoter's 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.

Our Promoters have given written consent to include such number of Equity Shares held by them and subscribed by them as a part of Promoters' Contribution constituting [●] % of the post issue Equity Shares of our Company and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution, for a period of three years from the date of allotment in the Issue.

Date of Allotment/ made fully paid up	No. of Shares Allotted/ Transferred	Face Value	Issue Price	Nature of Allotment	% of Post Issue shareholding	Lock in Period
[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]	[●]	[●]	[●]	[●]	[●]

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 (ICDR) Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In connection, we confirm the following:

- The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Draft Red Herring Prospectus at a price lower than the Issue Price;
- No equity shares have been issued to our promoter upon conversion of a partnership firm during the preceding one year at a price less than the issue price.
- The Equity Shares held by the Promoter and offered for minimum Promoters' contribution are not subject to any pledge;
- All the Equity Shares of our Company held by the Promoters are in the process of being dematerialized; and
- The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.

iii. Details of Share Capital locked in for one year

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public Issue.

iv. Other requirements in respect of lock-in:

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

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

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

v. Lock-in of the Equity Shares to be allotted to the Anchor Investors

Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

We further confirm that our Promoters' Contribution of [●]% of the post Issue Equity Share capital does not include any contribution from Alternative Investment Fund.

7. There were no shares purchased/sold by the Promoters, Promoter Group, directors of the Promoters, Directors of the issuer and their immediate relatives within last six months from the date of filing of Draft Red Herring Prospectus.

1. Our Shareholding Pattern

The table below presents the shareholding pattern of our Company as per Regulation 31, of the SEBI Listing Regulations, 2015

1. Summary of Shareholding Pattern as on the date of this Draft Red Herring Prospectus:-

C a t e g o r y	Category of Shareholder	N o s. o f s h a r e h o l d e r s	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form**
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
I	II	II I	IV	V	VI	VII = IV + V+ VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	14	80,00,000	-	-	80,00,000	92.27	80,00,000	92.27	-	92.27	-	-	-	-	[•]
B	Public	4	6,70,000	-	-	6,70,000	7.73	6,70,000	7.73	-	7.73	-	-	-	-	[•]

Category	Category of Shareholder	No. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form**
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
C	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	18	86,70,000	-	-	-	-	-	-	-	-	-	-	-	-	[●]

*As on the date of this Draft Red Herring Prospectus 1 Equity Shares holds 1 vote.

**All Pre-IPO Equity Shares of our Company will be locked in as mentioned above prior to Listing of Shares on NSE EMERGE.



Note: PAN of shareholders will be provided to the Stock Exchange by our Company prior to listing of its Equity Shares on the Stock Exchange.

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity shares. The Shareholding pattern will be uploaded on the website of National Stock Exchange of India Limited before commencement of trading of such Equity Shares.

*** In terms of SEBI Listing Regulations, our Company shall ensure that the Equity Shares held by the Promoters / members of the Promoter Group shall be dematerialised prior to listing of Equity shares.

2. The details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category Promoters, Promoter Group and Directors of Promoters, where the promoter is a body corporate, are as under:

Sr. No.	Name of the Shareholders	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	Promoters				
1.	Rakesh Somani	61,000	0.70	61,000	[●]
2.	Rajkumar Somani	1,82,000	2.10	1,82,000	[●]
3.	Akashganga Processor Private Limited	4,00,000	4.61	4,00,000	[●]
4.	Betex India Limited	13,71,000	15.81	13,71,000	[●]
5.	Rangila Fabrics Private Limited	11,79,000	13.60	11,79,000	[●]
	Sub total (A)	31,93,000	36.83	31,93,000	[●]
	Promoter Group				
1.	Shankarlal Somani	2,000	0.02	2,000	[●]
2.	Maresh Somani	22,000	0.25	22,000	[●]
3.	Ritesh Somani	80,000	0.92	80,000	[●]
4.	Sumandevi Somani	75,000	0.87	75,000	[●]
5.	Sumeet Industries Limited	17,30,000	19.95	17,30,000	[●]
6.	Dhanvridhi Financial Consultants Private Limited	15,33,000	17.68	15,33,000	[●]
7.	Sumeet Menthol Private Limited	6,23,000	7.19	6,23,000	[●]
8.	Somani Overseas Private Limited	5,54,000	6.39	5,54,000	[●]
9.	Sitaram Prints Private Limited	1,88,000	2.17	1,88,000	[●]
	Sub total (B)	48,07,000	55.44	48,07,000	[●]
10.	Directors of the Promoters				
11.	Manish Somani (Director of Betex India Limited)	1,000	0.01	1,000	[●]
	Sub total (C)	1,000	0.01	1,000	[●]
	Total (A+B)	81,00,000	92.27	81,00,000	[●]

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

Name of the Promoters	No. of Equity Shares held	Average cost of Acquisition (in Rs.)
Rakesh Somani	61000	19.84
Rajkumar Somani	182000	18.79
Akashganga Processors Private Limited	4,00,000	54.00
Betex India Limited	13,71,000	52.47
Rangila Fabrics Private Limited	11,79,000	32.37

12. Except as mentioned below, no persons belonging to the category “Public” who holds securities (including shares, warrants, convertible securities) of more than 1% of the total number of shares.

Sr. No.	Name of the Shareholders	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
1.	National Poly Yarn Private Limited	6,67,000	7.69	6,67,000	[●]
	Total	6,67,000	7.69	6,67,000	[●]

13. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, ten days before the date of filing and two years before the date of filing of this Draft Red Herring Prospectus are set forth below:

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

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-Up Capital
1.	Sumeet Industries Limited	17,30,000	19.95
2.	Dhanvirdhi Financial Consultants Private Limited	15,33,000	17.68
3.	Betex India Limited	13,71,000	15.81
4.	Rangila Fabrics Private Limited	11,79,000	13.60
5.	National Poly Yarn Private Limited	6,67,000	7.69
6.	Sumeet Menthol Private Limited	6,23,000	7.19
7.	Somani Overseas Private Limited	5,54,000	6.39
8.	Akashganga Processors Private Limited	4,00,000	4.61
9.	Sitaram Prints Private Limited	1,88,000	2.17
10.	Rajkumar Somani	1,82,000	2.10
	Total	84,27,000	97.20

b) Particulars of the top ten shareholders as at ten days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-Up Capital
1.	Sumeet Industries Limited	17,30,000	19.95
2.	Dhanvirdhi Financial Consultants Private Limited	15,33,000	17.68
3.	Betex India Limited	13,71,000	15.81
4.	Rangila Fabrics Private Limited	11,79,000	13.60
5.	National Poly Yarn Private Limited	6,67,000	7.69
6.	Sumeet Menthol Private Limited	6,23,000	7.19
7.	Somani Overseas Private Limited	5,54,000	6.39
8.	Akashganga Processors Private Limited	4,00,000	4.61
9.	Sitaram Prints Private Limited	1,88,000	2.17
10.	Rajkumar Somani	1,82,000	2.10
	Total	84,27,000	97.20

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

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-Up Capital
1.	Sumeet Industries Limited	17,30,000	23.07
2.	Betex India Limited	13,71,000	18.28
3.	Rangila Fabrics Private Limited	11,79,000	15.72

Sr. No.	Name of Shareholders	Number of Equity Shares	% of Total Paid-Up Capital
4.	Dhanvirdhi Financial Consultants Private Limited	11,59,000	15.45
5.	Somani Overseas Private Limited	5,54,000	7.39
6.	National Poly Yarn Private Limited	4,94,000	6.59
7.	Akashganga Processors Private Limited	4,00,000	5.33
8.	Sitaram Prints Private Limited	1,88,000	2.51
9.	Rajkumar Somani	1,82,000	2.43
10.	Ritesh Somani	80,000	1.07
	Total	73,37,000	97.83

14. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
15. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.
16. The BRLM, Syndicate Members and any persons to the BRLM and Syndicate members (other than Mutual Funds sponsored by entities related to the BRLM) cannot apply in the Issue under the Anchor Investor Portion. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the Net QIB category or in the Non-institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.
17. Under-subscription in the net issue, if any, in any category, except in QIB portion would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and the EMERGE Platform of National Stock Exchange of India Limited.
18. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
19. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
20. The Issue is being made through the Book Building Process wherein [●]% of the Issue shall be available for allocation to QIBs on a proportionate basis. Provided that our Company, in consultation with the BRLM, may allocate upto 60% of the QIB Portion, to Anchor Investors, on a discretionary basis (Anchor Investor Portion). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. Further, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and [●]% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the issue Price.
21. There are no Equity Shares against which depository receipts have been issued.

22. Other than the Equity Shares, there is no other class of securities issued by our Company.
23. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, and right issue or in any other manner during the period commencing from the date of the Draft Red Herring Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split / consolidation of the denomination of Equity Shares. However our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
24. None of the persons/entities comprising our Promoter Group, or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
25. Our Company, our Promoters, our Directors and the Book Running Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.
26. There are no safety net arrangements for this public issue.
27. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock-in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.
28. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
29. As on date of this Draft Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
30. All the Equity Shares of our Company are fully paid up as on the date of the Draft Red Herring Prospectus. Further, since the entire issue price in respect of the Issue is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this issue shall be fully paid-up.
31. As per RBI regulations, OCBs are not allowed to participate in this Issue.
32. Our Company has not raised any bridge loans against the proceeds of the Issue.
33. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
34. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
35. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
36. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.

37. Our Company has 18 (Eighteen) shareholders as on the date of filing of this Draft Red Herring Prospectus.
38. Our Promoters and the members of our Promoter Group will not participate in this Issue.
39. Our Company has not made any public issue since its incorporation.
40. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Draft Red Herring Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
41. For the details of transactions by our Company with our Promoter Group, Group Companies during the period ended December 31, 2017 and financial years ended March 31, 2017, 2016, 2015, 2014 and 2013, please refer to paragraph titled “Details of Related Parties Transactions as Restated” in the chapter titled “*Financial Statements as restated*” on page 209 of this Draft Red Herring Prospectus.
42. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled “Our Management” beginning on page 175 of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

Requirement of Funds:

The proceeds of the Issue, after deducting Issue related expenses, are estimated to be Rs. [●] lakhs (the “Net Proceeds”).

We intend to utilize the Net Proceeds from Issue towards the following objects:

1. Funding the Working Capital requirements of our Company;
2. Repayment/ pre-payment of certain unsecured loans availed by our company; and
3. General Corporate Purposes.

(Collectively referred to as “Objects”)

Also, we believe that the listing of Equity Shares will enhance our Company’s corporate image, brand name and create a public market for our Equity Shares in India.

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

ISSUE PROCEEDS

Particulars	Amount (Rs. in lakhs)
Gross Proceeds from the Issue	[●]
Less- Issue related expenses	[●]
Net Proceeds	[●]

UTILIZATION OF NET PROCEEDS

The net proceeds are proposed to be used in manner as set out below:

Sr. No.	Particulars	Amount to be financed from Net Proceeds (Rs. in lakhs)	Percentage of Gross Proceeds	Percentage of Net Proceeds
1.	Funding the Working Capital Requirements of our Company	1,300.00	[●]	[●]
2.	Repayment/ pre-payment of certain unsecured loans availed by our company	1,532.38	[●]	[●]
3.	General Corporate Purposes	[●]	[●]	[●]

**To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.*

SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS:

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below. As on the date of this Draft Red Herring Prospectus, our Company has not deployed any funds towards the objects of the Issue.

(Rs. in lakhs)

Sr. No	Particulars	Amount to be funded from the Net Proceeds(In Lakhs)	Estimated Utilization of Net Proceeds (Financial Year 2019)
1.	Funding the Working Capital Requirements of our Company	1,300.00	1,300.00
2.	Repayment/ pre-payment of certain unsecured loans availed by our company	1,532.38	1,532.38
3.	General Corporate Purposes*	[●]	[●]

**To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.*

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the Objects, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Objects.

MEANS OF FINANCE

Unsecured loans from related parties would be repaid entirely from the Net Proceeds. However, the working capital requirements will be met through the Net Proceeds to the extent of Rs. 1,300.00 lakhs and balance through internal accruals/ net worth and short term bank finance. Further details of funding of the Objects is given below:

(Rs in lakhs)

Objects of the Issue	Amount Required	IPO Proceeds	Internal Accruals/ Net worth	Short Term Bank Loan (Cash Credit)
Funding the Working Capital Requirements of our Company	5,659.99	1,300.00	2,359.99	2,000.00
Repayment/ pre-payment of certain unsecured loans availed by our company	1,532.38	1,532.38	-	-
General Corporate Purposes*	[●]	[●]	-	-

**To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.*

Accordingly, we confirm that we are in compliance with the requirement to make firm arrangements of finance under Regulation 4(2) (g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds and existing identifiable internal accruals.

The fund requirements mentioned above are based on the internal management estimates of our Company and have not been verified by the Book Running Lead Manager or appraised by any bank, financial institution or any other external agency. The fund requirements are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds or cost overruns,

our management may explore a range of options including utilising our internal accruals or seeking debt financing.

Details of the Objects

1. Funding the working capital requirements of our Company:

We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, net worth, financing from banks and unsecured loans from related parties. As on March 31, 2016 and March 31, 2017, the amount outstanding on our Company's fund based working capital facility was Rs. 1,014.72 lakhs and Rs. 1,569.00 lakhs respectively as per restated financial statements. As on March 31, 2017, our sanctioned working capital facilities comprised of fund based limit of Rs. 1,740.00 and non-fund based limit of Rs. 744.00 lakhs. Thereafter, we have also been sanctioned additional fund based and non-fund based credit facilities amounting to Rs. 260 lakhs and Rs. 200 lakhs respectively vide a letter dated June 29, 2017 from Central Bank of India. Accordingly, the total working capital facilities through bank finance aggregate to Rs. 2,944 lakhs comprises of fund based limit of Rs. 2,000 lakhs and non-fund based limit of Rs. 944.00 lakhs as on the date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled "*Financial Indebtedness*" beginning on page 267 of this Draft Red Herring Prospectus.

Our Company's existing working capital requirement and funding on the basis of Restated Financial Information as of March 31, 2016 and March 31, 2017:

(Rs. in lakhs)		
Particulars	March 31, 2016	March 31, 2017
Current Assets		
Inventories		
Raw Material	720.23	819.88
Work in Progress	347.51	740.83
Finished Goods	26.86	112.86
Consumables	63.60	89.51
Trade Receivables	1,215.18	2,503.12
Cash and Bank Balances	81.01	124.74
Short Term Loans and Advances and Other Current Assets	1023.15	1568.66
Total (A)	3,477.54	5,959.60
Current Liabilities		
Trade Payables	374.94	1,110.14
Other Current Liabilities & Short Term Provisions	930.88	1,796.45
Total (B)	1,305.82	2,906.59
Total Working Capital (A)-(B)	2,171.72	3,053.01
Existing Funding Pattern		
Working Capital funding from Banks	1,014.72	1,569.00
Internal accruals/Net Worth/Unsecured Loans	1,157.00	1,484.01

Basis of estimation of working capital requirement

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated April 02, 2018 has approved the business plan for the Fiscals 2018 and for the Fiscal 2019. The projected working capital requirements for Fiscal 2018 and Fiscal 2019 is stated below:

(Rs. in lakhs)

Particulars	March 31, 2018 (Estimated)	March 31, 2019 (Estimated)
Current Assets (A)		
Inventories		
Raw Material	828.08	836.36
Work in Progress	748.24	755.72
Finished Goods	115.12	117.42
Consumables	91.30	93.64
Trade Receivables	3,480.00	3,960.00
Cash and Bank Balances	201.28	404.73
Short Term Loans and Advances and Other Current Assets	2417.83	3025.95
Total (A)	7,881.85	9,193.82
Current Liabilities (B)		
Trade Payables	1,797.56	1,371.60
Other Current Liabilities & Short term Provision	1,889.43	2,162.23
Total (B)	3,686.99	3,533.83
Total Working Capital (A)-(B)	4,194.86	5,659.99
Funding Pattern		
IPO Proceeds	-	1,300.00
Working capital loan from bank	2,000.00	2,000.00
Internal Accruals/Net worth	2,194.86	2,359.99

Assumption for working capital requirements

(In months)

Particulars	Holding Level for March 31, 2016	Holding Level for March 31, 2017	Holding Level for March 31, 2018 (Estimated)	Holding Level for March 31, 2019 (Estimated)
Current Assets				
Raw Material	2.30	1.39	0.82	0.70
Work in Progress	0.68	0.92	0.58	0.50
Finished Goods	0.07	0.16	0.09	0.08
Trade Receivables	2.16	2.85	2.32	2.21
Current Liabilities				
Trade Payables	1.20	1.89	1.79	1.14

Note- The holding period levels of Consumables inventory is not ascertainable by our Company. Hence, the same has not been presented.

Justification for "Holding Period" levels

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

Assets- Current Assets	
Inventories	Our company intends to keep slightly lower level of inventories as compared to the previous year level due to increase and improvement in our overall business activity. Raw Material: We have assumed raw material inventory levels of 0.82 month and 0.70 month for the FY 2017-18 and 2018-19 respectively, as against 1.39 months and 2.30 months for the FY 2016-17 and 2015-16 respectively, as we use indigenous raw materials to produce our final products and also purchase from the local suppliers. So, we intend to maintain minimum level of raw material stock due to ease of availability. Also, since we expect a good amount of growth in our operations, our raw material holding level is also expected to reduce for that reason. Work in Progress: We have assumed work in progress inventory levels of 0.58 month and 0.50 month for the FY 2017-18 and 2018-19 respectively, as against 0.92 month for the FY 2016-17 as we intend to hold less inventory in WIP as our business operations grow and our volume increase. Finished Goods: We have assumed finished goods inventory levels of 0.09 month and 0.08 month for the FY 2017-18 and 2018-19 respectively, as against 0.16 month for the FY 2016-17 as we produce goods as per our customers' demand and requirements and thus wish to maintain minimum inventory of finished goods.
Trade receivables	We have assumed trade receivable period of 2.32 months and 2.21 months for the FY 2017-18 and 2018-19 respectively, which is slightly lower as against 2.85 months for FY 2016-17 as we intend to quickly realise our debtors to fund our increased estimated working capital requirements for the FY 2017-18 and FY 2018-19.
Liabilities–Current Liabilities	
Trade Payables	In FY 2017-18 and for FY 2018-19, the credit period is expected to be 1.79 months and 1.14 months respectively, as, going forward we intend to reduce our creditors days by infusing funds towards working capital from the net issue proceeds (in FY 2018-19) to avail better credit terms from the creditors.

Our Company proposes to utilize Rs. 1,300.00 lakhs of the Net Proceeds in FY 2018-19 towards our working capital requirements and the balance portion of our working capital requirement will be arranged from Internal Accruals/ Net Worth.

2. Repayment/ Pre-payment of certain unsecured loans availed by our company:

We avail majority of our fund requirements in the ordinary course of business from various banks and unsecured loans from related parties. For further details of the loans availed by our Company, see chapter titled “*Financial Indebtedness*” on page 267 of this Draft Red Herring Prospectus.

M/s. B Chordia & Company, Chartered Accountants vide Certificate dated May 19, 2018 has confirmed that as on May 19, 2018 our company had Rs. 1,532.38 lakhs (aggregately) of Unsecured Loan outstanding from Sumeet Industries Limited and Betex India Limited, which is proposed to be repaid/ pre-paid from the Net Proceeds. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness. We believe that reducing our indebtedness will result in enhanced equity base, reduce our financial costs, improve our profitability and improve our leverage capacity.

The details of the proposed repayment of the loans are provided below:

Name of Lender	Amount Outstanding as on May 19, 2018 (in lakhs)	Rate of Interest (%)	Security	Tenure	Purpose/ Utilisation	Repayment from the Net Proceeds of the Issue (Rs. in lakhs)
Sumeet Industries Limited	1,356.62	9.00%	Unsecured loan	Repayable on demand	Working Capital	1,356.62
Betex India Limited	175.76	9.00%	Unsecured loan	Repayable on demand	Working Capital	175.76
Total	1,532.38					1,532.38

3. General Corporate Purposes:

The Net Proceeds will be first utilized towards the Objects as mentioned above. The balance is proposed to be utilized for general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

- (i) strategic initiatives
- (ii) brand building and strengthening of marketing activities; and
- (iii) On-going general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head “General Corporate Purposes” and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing the Net Proceeds for general corporate purposes, as mentioned above.

ISSUE RELATED EXPENSES

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. [●] Lakhs.

Expenses	Expenses (Rs. in Lakhs)*	Expenses (% of total Issue expenses)	Expenses (% of Gross Issue Proceeds)
Payment to Merchant Banker including expenses towards printing, advertising, and payment to other intermediaries such as Registrars, Bankers etc.	[●]	[●]	[●]
Regulatory fees	[●]	[●]	[●]
Marketing and Other Expenses	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

**As on the date of this Draft Red Herring Prospectus, our Company has incurred Rs. [●] Lakhs towards Issue Expenses out of internal accruals.*



***SCSBs will be entitled to a processing fee of Rs. [●]/- per Application Form for processing of the Application Forms procured by other Application Collecting Intermediary and submitted to them on successful allotment.*

Selling commission payable to registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non Institutional Applicants, would be [●] % on the Allotment Amount# or Rs [●]/- whichever is less on the Applications wherein shares are allotted.

The commissions and processing fees shall be payable within 30 working days post the date of receipt of final invoices of the respective intermediaries.

#Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

BRIDGE FINANCING

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance project requirements until the completion of the Issue. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance project requirements will be repaid from the Net Proceeds of the Issue.

APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

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.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

MONITORING UTILIZATION OF FUNDS

As the size of the Issue does not exceed Rs 10,000 lakhs in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

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

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 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.

OTHER CONFIRMATIONS

Betex India Limited and Sumeet Industries Limited are our Corporate Promoter and Group Company respectively. Our Company proposes to repay unsecured loan of Rs. 1,532.38 lakhs obtained from these companies out of the Net Proceeds. Except this, no part of the Net Proceeds will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Management Personnel or Group Companies, except in the normal course of business and in compliance with applicable law.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the Book Running Lead Manager on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is Rs.10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to the sections titled “*Risk Factors*” and “*Financial Statements*” beginning on pages 24, 209 respectively and chapter titled “*Our Business*”, beginning on page 140 of this Draft Red Herring Prospectus, to have an informed view before making an investment decision. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

QUALITATIVE FACTORS

Some of the qualitative factors, which form the basis for computing the price are:

- Experienced Promoters;
- Benefit of various government incentives;
- Manufacturing of premium yarn;
- Locational Advantage;
- Customer oriented approach;
- Strong Clientele; and
- Large land reserves available with the company.

For further details, refer to heading “*Our Competitive Strengths*” under chapter titled “*Our Business*” beginning on page 140 of this Draft Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Year 2015, 2016, 2017 and for the period ended December 31, 2017 prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. For details, refer chapter titled “Financial Statements as restated” beginning on page 209 of the Draft Red Herring Prospectus. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20 as per the restated financial statements:

Year/Period ended	Basic & Diluted EPS (Rs.)	Weight
March 31, 2017	7.46	3
March 31, 2016	1.22	2
March 31, 2015	5.32	1
Weighted Average		5.02
For the period ended December 31, 2017		8.93*

*Not Annualised

Note: The earnings per share has been computed by dividing net profit as restated, attributable to equity shareholders by restated weighted average number of equity shares outstanding during the period / year. Restated weighted average number of equity shares have been computed as per AS 20. The face value of each Equity Share is Rs. 10/-. Basic EPS is Net profit attributable to equity shareholders divided by weighted average number of Equity Shares outstanding during the year / period.

2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. [●] per Equity Share of face value Rs. 10 each fully paid up.

Particulars	P/E on floor price (no. of times)	P/E on cap price (no. of times)
P/E ratio based on Basic EPS for FY 2016-17	[●]	[●]
P/E ratio based on Weighted Average EPS	[●]	[●]
Highest		14.25
Lowest		7.41
Average		9.95

**Industry composite comprises of Vippy Spinpro Limited, Ambika Cotton Mills Limited and Nitin Spinners Limited*

3. Return on Net worth (RoNW)

Return on Net Worth ("RoNW") as per restated financial statements:

Year/Period ended	RoNW (%)	Weight
March 31, 2017	12.23	3
March 31, 2016	2.23	2
March 31, 2015	9.92	1
Weighted Average		8.51
For the period ended December 31, 2017		13.70*

**Not Annualised*

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year. Net worth has been calculated as sum of Equity Share Capital and Reserves & Surplus (excluding revaluation reserve) as reduced by the preliminary expenses to the extent not written off.

4. Minimum Return on Total Net Worth post Issue needed to maintain Pre Issue EPS for the year ended March 31, 2017 is [●] %:

Particulars	P/E Ratio
At Floor price	[●]
At Cap price	[●]

5. Net Asset Value (NAV) per share:

Net Asset Value as per restated financial statements:

Particulars	Amount (in Rs.)
Net Asset Value per Equity Share as of March 31, 2017	56.21
Net Asset Value per Equity Share as of December 31, 2017	65.16
Net Asset Value per Equity Share after the Issue- At Floor Price	[●]
Net Asset Value per Equity Share after the Issue- At Cap Price	[●]
Issue Price per equity share	[●]

Notes:

- Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares. Net worth has been calculated as sum of Equity Share Capital and Reserves & Surplus (excluding revaluation reserve) as reduced by the preliminary expenses to the extent not written off.
- Issue Price per equity share will be determined on conclusion of Book Building Process.

6. Comparison with listed industry peers:

Name of the Company	CMP*	EPS (Basic and Diluted) (Rs.)	P/E Ratio	RON W (%)	NAV (Rs.)	Face Value (Rs.)	Total Income (Rs. in lakhs)
Sumicot Limited	[●]	7.46	[●]	12.23	56.21	10.00	10,547.62
Peer Group**							
Vippy Spinpro Limited	46.25	5.65	8.19	10.28	54.97	10.00	9,947.42
Ambika Cotton Mills Limited	1359.60	95.39	14.25	14.86	654.29	10.00	52,939.73
Nitin Spinners Limited	92.35	12.47	7.41	22.31	55.89	10.00	93,416.51

*CMP of our Company is considered as Issue Price.

**Source: www.bseindia.com

Notes:

1. Considering the nature, range of services, turnover and size of business of the Company, the peers are not strictly comparable. However, above Companies have been included for broad comparison.
2. The figures for Sumicot Limited are based on the restated financial statements for the year ended March 31, 2017.
3. The figures for the peer group are based on standalone audited results for the respective year ended March 31, 2017.
4. Current Market Price (CMP) is the closing prices of respective scripts as on May 17, 2018
5. NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjust or written off) and the debit balance of profit and loss account.
6. P/E Ratio has been computed based on the closing market price of equity shares on May 17, 2018, on BSE, divided by the EPS.
7. RoNW is computed as net profit after tax divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjust or written off) and the debit balance of profit and loss account.
8. The Issue Price of Sumicot Limited is Rs. [●] per Equity Share. Sumicot Limited is a Book Built issue and price band for the same shall be published 5 working days before opening of the Issue in English and Hindi national newspapers and one regional newspaper with wide circulation.
9. The Issue Price of Rs. [●]/- per equity share shall be determined by the company in consultation with the BRLM on the basis of assessment of market demand from investors for the Equity shares by way of Book Building and is justified based on the above accounting ratios.
10. The trading price of Equity Shares could decline due to factors mentioned in “Risk Factors” beginning on page 24 and you may lose all or part of your investments.

For further details see section titled “Risk Factors” beginning on page 24 and the financials of the Company including profitability and return ratios, as set out in the section titled “Financial Statements” beginning on page 209 of this Draft Red Herring Prospectus for a more informed view.

STATEMENT OF POSSIBLE TAX BENEFITS

To,
The Board of Directors,
Sumicot Limited
504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat-395002,
Gujarat, India

Dear Sirs,

Subject : Statement of Possible Special Tax Benefits available to Sumicot Limited and its shareholders prepared in accordance with the requirements under Schedule VIII – Clause (VII) (L) of the SEBI (ICDR) Regulations, 2009 as amended (the ‘Regulations’)

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

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

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

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

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



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

For , B. Chordia & Co.

Chartered Accountants

Firm Registration No. 121083W

Vikas Chordia

Partner

M No. 158536

Date: April 15, 2018

Place: Surat

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act 1961 presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

A. SPECIAL TAX BENEFITS TO THE COMPANY

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

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER

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

Note:

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

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

SECTION IV – ABOUT THE COMPANY

OUR INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 24 and 209 respectively of this Draft Red Herring Prospectus before deciding to invest in our Equity Shares.

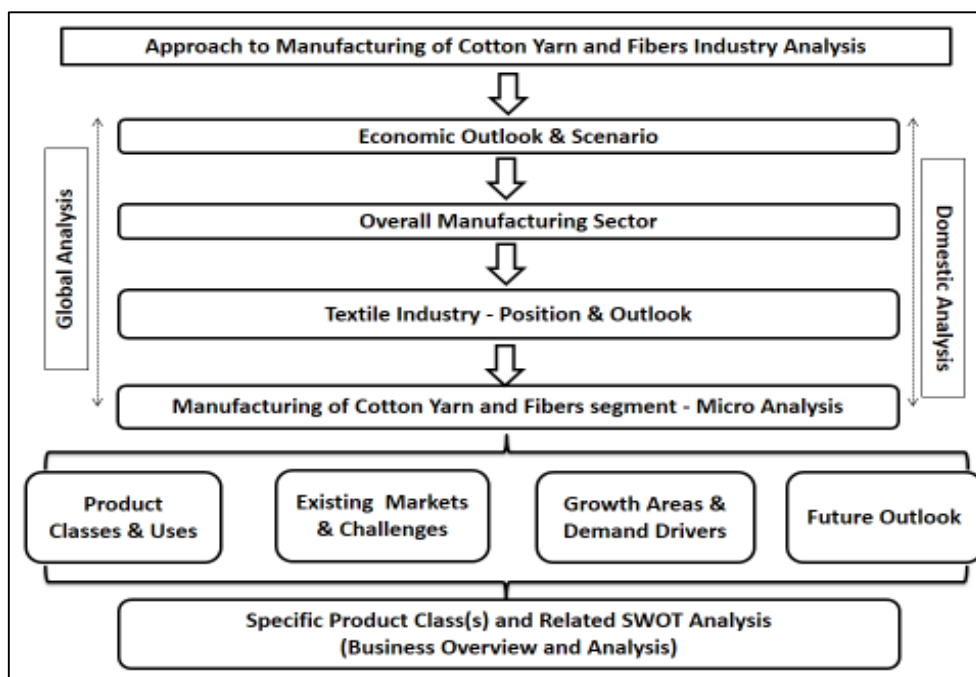
INTRODUCTION TO TEXTILE INDUSTRY

India’s textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India’s exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale. The textile industry employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

(Source: Indian Textile Industry India Brand Equity Foundation - www.ibef.org)

APPROACH TO TEXTILE INDUSTRY ANALYSIS



Analysis of Textile Industry needs to be approached at both macro and micro levels, whether for domestic or global markets. Textile Industry forms part of Manufacturing Sector at a macro level. Hence, broad picture of Manufacturing Sector should be at preface while analysing the Textile industry.

Manufacturing sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Manufacturing sector is “Textile Industry”, which in turn encompasses various components one of them being “Manufacturing of Cotton Yarn and Cotton fibres”.

Thus, Manufacturing of Cotton Yarn and Cotton Fibers segment should be analysed in the light of “Textile Industry” at large. An appropriate view on Textile Industry, then, calls for the overall economy outlook, performance and expectations of Manufacturing Sector, position and outlook of Textiles Industry and micro analysis.

This Approach Note is developed by Pantomath Capital Advisors (P) Ltd (‘Pantomath’) and any unauthorized reference or use of this Note, whether in the context of Textile Industry and / or any other industry, may entail legal consequences.

GLOBAL ECONOMIC OVERVIEW

According to the International Monetary Fund (IMF), the global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of countries experienced improvements in their growth rates, the highest share since 2010. The latest World Economic Outlook (WEO) of the IMF shows global GDP growth accelerated to around 3.6 percent in 2017 from 3.2 percent in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9 percent. Although rebounding, global growth is still well below levels reached in the 2000s.

One reason why the recovery has spread around the globe is that world trade in goods and services has finally emerged from its torpor, registering 4.7 percent real volume growth in 2017 compared with 2.5 percent in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years been suffering from depressed prices, have benefitted from the upswing in demand. Commodity prices increased smartly in 2017, led by petroleum, whose price rose by 16 percent to reach \$61 per barrel by the end of the year.

Even as global growth and commodity prices have surged, inflation has remained remarkably quiescent, remaining below 2 percent in the main advanced regions. Consequently, monetary policies in the US, Eurozone and Japan have remained highly accommodative despite a strong recovery. These unusual settings—rapid growth, ultra-low interest rates—at a late stage in the economic cycle have produced the rarest of combinations: record-high high bond prices and stock market valuations, both at the same time. The consensus forecast calls for these conditions to be sustained in 2018, as companies respond to buoyant demand conditions by stepping up investment, some governments (such as the US) embark on expansionary fiscal policies, while advanced country monetary policies remain stimulative and world trade continues to grow briskly.

What are the risks? Of course, there are the usual geo-political and geo-economic risks: war in the Korean peninsula; political upheaval in the Middle East; aggressive output cuts by Saudi Arabia (and Russia) in advance of the planned listing of the Saudi Arabian oil company, Aramco, which could force oil prices even higher; a final reckoning from China's unprecedented credit surge in the form of capital controls, slowdown in growth, and a sharply depreciating currency with consequences for the global economy (Economic Survey, 2016-17, Chapter 1); and trade tensions that could lead to skirmishes, and then spiral out of control. But perhaps the main risks lie on the macro-finance front in advanced economies. These stem from three, inter-related, sources:

- Asset valuations (price-equity ratios) tend to revert to their mean. And the faster and higher they climb, especially so late in the economic cycle, the greater the risk of sharp corrections.
- Simultaneously high valuations of both bonds and equities tend to be briefly lived because they suffer from an acute tension: if future earnings and economic growth are so bright, justifying high equity prices, interest rates cannot be forever so low.
- And if interest rates rise—or if markets even sense that central banks will need to shift their stance—both bond and equity prices could correct sharply. A plausible scenario would be the following. The IMF is now forecasting that advanced country output gaps will close in 2018 for the first time since the Global Financial Crisis. As this occurs, wages would start rising, eating into profits (which would prick equity valuations); and as inflation rises in tandem, policy makers would be forced into raising rates, deflating bond valuations and further undermining share prices.

What would happen to growth if asset prices correct? Surely, the impact would be far smaller than it was in 2007-09, because advanced countries are far less vulnerable than they were a decade ago. In particular, the leverage tied to these assets is much lower, which would minimize contagious propagation; while banks are much better buffered, with higher levels of capital and core deposits, and lower levels of risky assets.

Even so, there would be some consequences. For one, a large decline in wealth would force advanced country consumers to cut back on their spending, which in turn would lead firms to curtail their investments. And if this happens, monetary and fiscal policies would have much less room for expansionary manoeuvre since interest rates are already low while government debts are high. And the political implications of yet another decline in asset prices, the second in a decade, could also be significant, with effects that are difficult to imagine.

In sum, assessing future risks hinges on two calls: interest rate policy and asset valuations. On policy, extraordinarily low rates have, to paraphrase Paul Krugman, become “an obsession in search of a justification.” Initially justified by the dislocations caused by the Global Financial Crisis, then by large output gaps, they are now defended on the grounds that inflation remains weak, even as the slack in product and labor markets is disappearing rapidly. Will the gathering new evidence on closing output gaps and rising employment dispel that obsession?

On valuations, the prognosticator must navigate a narrow strait: steering clear of the “Cry of Wolf” trap (bond prices will finally, finally correct, having defied the prediction of correction in each of the last several years), without succumbing to the siren call of “This Time is Different” (stock valuations are sustainable this time because interest rates will remain at historic lows).

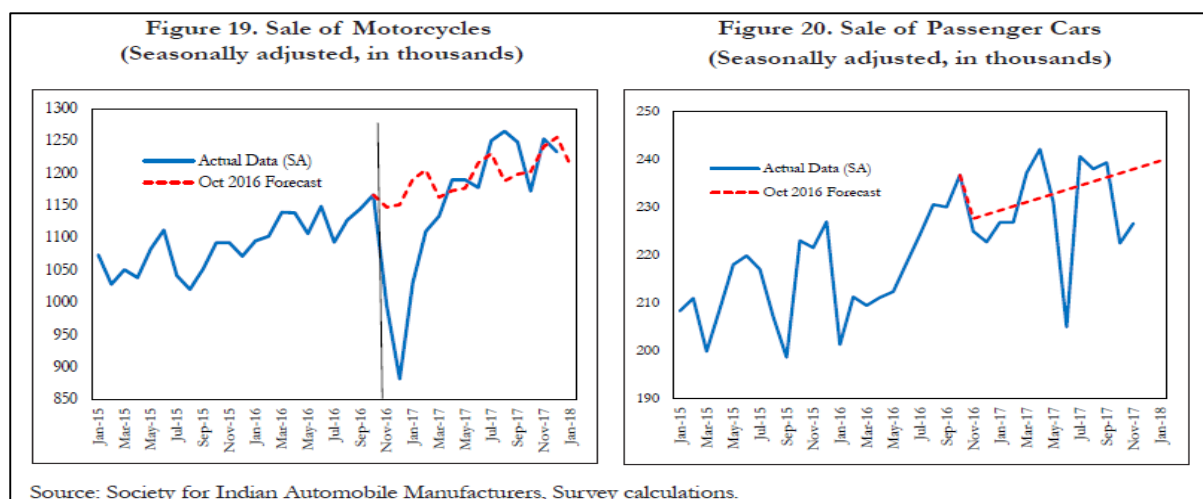
(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

OVERVIEW OF INDIA'S ECONOMIC PERFORMANCE IN 2017-18

Economic activity

The key question going forward is whether the economy has troughed, and if so at what pace it will recover toward its medium term trend. High frequency indicators do suggest that a robust recovery is taking hold as reflected in a variety of indicators, including overall GVA, manufacturing GVA, the IIP, gross capital formation (Figure 17) and exports.

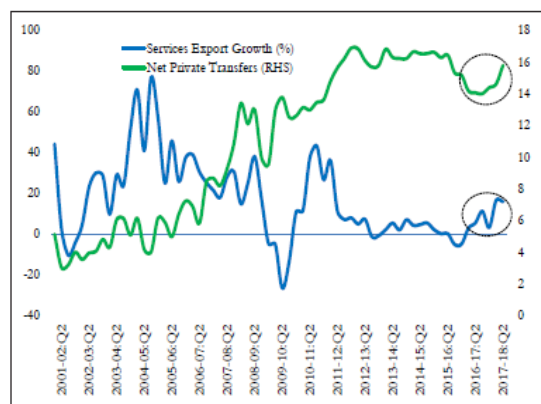
Similarly, real non-food credit growth has rebounded to 4 percent in November 2017 on a year-on-year basis, while the squeeze on real credit to industry is abating (Figure 18). Moreover, the flow of nonbank resources to the corporate sector, such as bond market borrowing and lending by NBFCs, has increased by 43 percent (April-December 2017 compared to the same period a year ago), substituting in part for weak bank credit. Rural demand, proxied by motor cycle sales, and auto sales, while not yet back to its pre-demonetization trend, are recovering (Figures 19 and 20).



Perhaps most significantly, the behaviour of manufacturing exports and imports in the second and third quarters of this fiscal year has started to reverse. The re-acceleration of export growth to 13.6 percent in the third quarter of FY2018 and deceleration of import growth to 13.1 percent, in line with global trends, suggest that the demonetization and GST effects are receding. Services export and private remittances are also rebounding (Figure 21).

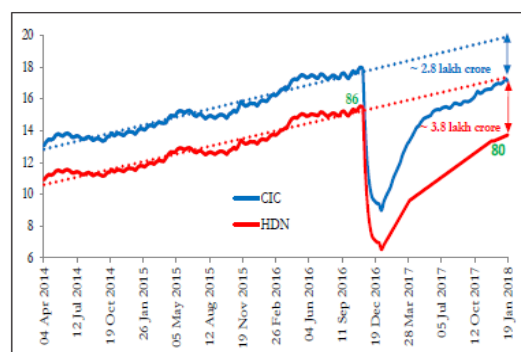
On demonetization specifically, the cash-to-GDP ratio has stabilized, suggesting a return to equilibrium. The evidence is that since about June 2017 the trend in currency is identical to that pre-demonetization (Figure 22). The stabilization also permits estimation of the impact of demonetization: about Rs. 2.8 lakh Crores less cash (1.8 percent of GDP) and about Rs. 3.8 lakh Crores less high denomination notes (2.5 percent of GDP).

Figure 21. Services Export Growth (percent) and Net Private Remittances (in US\$ billion)



Source: RBI, Survey calculations.

Figure 22. Currency in Circulation (CIC) and High Denomination Notes (HDN) (In Rs. lakh crore)



Source: RBI, Survey calculations; Numbers in green denote HDN as share of CIC.

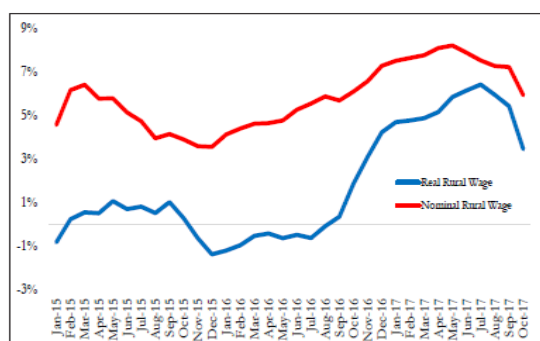
A final, important factor explaining the growth recovery is fiscal, which is providing a boost to aggregate demand. For reasons related to smoothening the transition, GST revenues will only be collected for 11 months, which is akin to a tax cut for consumers. Meanwhile, overall revenue expenditure growth by the central and state governments remains strong at 11.7 percent (April to November). Cyclical conditions may also lead to lower tax and non-tax revenues, which act as an automatic stabilizer.

All this said, while the direction of the indicators is positive, their level remains below potential. IIP growth (April-November 2017 over same period in the previous year) is 3.2 percent, real credit growth to industry is still in negative territory, and the growth in world trade remains less than half its level of a decade ago. Moreover, even though the cost of equity has fallen to low levels, corporates have not raised commensurate amounts of capital, suggesting that their investment plans remain modest (Box 6). In other words, the twin engines that propelled the economy's take-off in the mid-2000s – exports and investment – are continuing to run below take-off speed.

Meanwhile, developments in the agriculture sector bear monitoring. The trend acceleration in rural wages (agriculture and non-agriculture), which had occurred through much of 2016 because of increased activity on the back of a strong monsoon, seems to have decelerated beginning just before the kharif season of 2017-18 (Figure 23) but it is still greater than much of the last three years. Three crop-specific developments are evident. Sowing has been lower in both kharif and rabi, reducing the demand for labor. The acreage for kharif and rabi for 2017-18 is estimated to have declined by 6.1 percent and 0.5 percent, respectively. Pulses and oilseeds have seen an increase in sowing, but this has translated into unusually low farmgate prices (below their minimum support price, MSP), again affecting farm revenues. The so-called TOP perishables (tomatoes, onions, and potatoes) have meanwhile fluctuated between high and low prices, engendering income uncertainty for farmers.

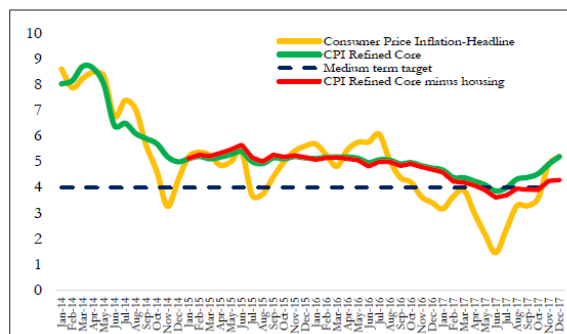
The CSO has forecast real GDP growth for 2017-18 at 6.5 percent. However, this estimate has not fully factored in the latest developments in the third quarter, especially the greater-than-CSO-forecast exports and government contributions to demand. Accordingly, real GDP growth for 2017-18 as a whole is expected to be close to 6 3/4 percent. Given real GDP growth of 6 percent in the first half, this implies that growth in the second half would rebound to 7.5 percent, aided by favourable base effects, especially in the fourth quarter.

Figure 23. Real and Nominal Rural Wages Growth (percent, 3 month moving average)



Source: Labour Bureau, Survey calculations.

Figure 24. Inflation: CPI and Variants* (percent, year-on-year)



Source: MoSPI, Survey calculations.

*CPI Refined Core is obtained by stripping out the volatile food and fuel components.

Average CPI inflation for the first nine months has averaged 3.2 percent and is projected to reach 3.7 percent for the year as a whole. This implies average CPI inflation in the last quarter of 5 percent, in line with the RBI's forecast. Therefore, the GDP deflator is expected to grow by 3.6 percent for 2017-18, somewhat higher than the CSO's forecast of 2.8 percent. Consequentially, nominal GDP growth is estimated at 10.5 percent, compared with the CSO's 9.5 percent estimate.

Macroeconomic indicators

After 13 months of continuously under-shooting the inflation target by an average of 130 basis points, headline inflation for the first time crossed the RBI's 4 percent target in November, posting a rate of 5.2 percent in December 2017 (Figure 24). The recent upswing in inflation stems from rising global oil prices (not all of which has been passed on to consumers), unseasonal increases in the prices of fruits and vegetables, and the 7th Pay Commission housing rent allowances, which mechanically increase inflation. Stripped of all these factors, underlying inflation has been increasing at a more modest pace, reaching 4.3 percent at end-December—in part because firms are passing the incidence of GST on to final consumers only gradually.

The current account deficit has also widened in 2017-18 and is expected to average about 1.5-2 percent of GDP for the year as a whole. The current account deficit can be split into a manufacturing trade deficit, an oil and gold deficit, a services deficit, and a remittances deficit (Figure 25). In the first half of 2017-18, the oil and gold balance has improved (smaller deficit of \$47 billion) but this has been offset by a higher trade deficit (\$18 billion) and a reduced services surplus (\$37 billion), the latter two reflecting a deterioration in the economy's competitiveness.

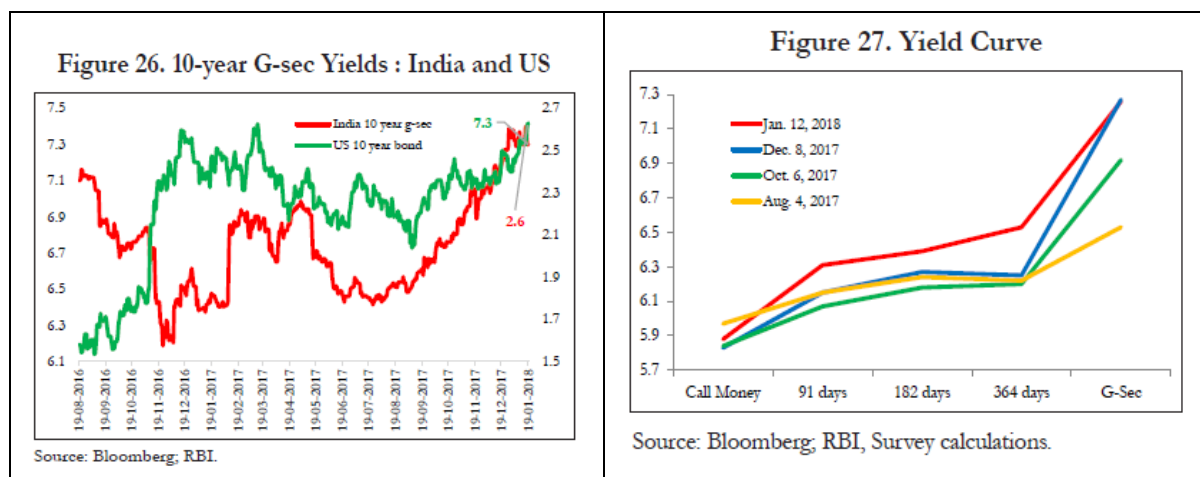
Despite these developments, the overall external position remains solid. The current account deficit is well below the 3 percent of GDP threshold beyond which vulnerability emerges. Meanwhile, foreign exchange reserves have reached a record level of about \$432 billion (spot and forward) at end-December 2017, well above prudent norms.

Fiscal developments

Bond yields have increased sharply (Figure 26) since August 2017, reflecting a variety of factors, including concerns that the fiscal deficit might be greater-than-budgeted, expectations of higher inflation, a rebound in activity that would narrow the output gap, and expectations of rate increases in the US. As a result, the yield curve has become unusually steep (Figure 27).

The fiscal deficit for the first eight months of 2017-18 reached 112 percent of the total for the year, far above the 89 percent norm (average of last 5 years), largely because of a shortfall in non-tax revenue, reflecting reduced dividends from government agencies and enterprises. Expenditure also progressed at a fast pace, reflecting the advancing of the budget cycle by a month which gave considerable leeway

to the spending agencies to plan in advance and start implementation early in the financial year. Partially offsetting these trends will be disinvestment receipts which are likely to exceed budget targets.



GST revenue collections are surprisingly robust given that these are early days of such a disruptive change (See Box 7). Government measures to curb black money and encourage tax formalization, including demonetization and the GST, have increased personal income tax collections substantially (excluding the securities transactions tax). From about 2 percent of GDP between 2013-14 and 2015-16, they are likely to rise to 2.3 percent of GDP in 2017-18, a historic high. Precise estimates of the government's contribution to this improvement vary depending on the methodology used. An econometric exercise yields an estimate of Rs. 40,000 Crores over the two fiscal years of 2016-17 and 2017-18.³ Another based on comparing the difference in actual tax buoyancy in 2016-17 and 2017-18 over the previous seven-years' average buoyancy, yields an estimate of about Rs. 65,000 Crores (both exclude the 25,000 Crores collected under the Income Disclosure Scheme and Pradhan Mantri Garib Kalyan Yojana). Thus, the sum of all government efforts increased income tax collections, thus far, between Rs. 65,000 and Rs. 90,000 Crores. These numbers imply a substantial increase in reported incomes (and hence in formalization) of about 1.5 percent to 2.3 percent of GDP.

As a result of the budget overruns, the central government's fiscal deficit until November 2017 was Rs. 6.1 lakh crore compared to the budgeted Rs. 5.5 lakh crore. In contrast, state governments seem to be hewing closely to their targeted fiscal consolidation – in part because the centre has guaranteed them a large increase in their indirect tax take, as part of the GST agreement.

Reflecting largely fiscal developments at the centre, a pause in general government fiscal consolidation relative to 2016-17 cannot be ruled out. In addition, the measured deficit for 2017-18 will include Rs. 80,000 crore (0.5 percent of GDP) in capital provided to public sector banks. But this will not affect aggregate demand, as reflected in international accounting practice which deems such operations as financing ("below-the-line") rather than expenditure.

In the case of borrowing by the states, markets have perhaps inadequately taken into account the fact that higher market borrowings by them does not reflect higher deficits; rather about Rs. 50,000 crore or 0.3 percent of GDP of market borrowings is due to changes in the composition of financing, away from higher cost NSSF borrowings toward lower cost market borrowings. This lack of strict correspondence between the deficit and borrowings at the central and state levels (Figure 28) is discussed in greater detail in Box 8. For general government, about Rs. 40,000 Crores represents greater market borrowings that is not due to deficits—a fact which markets apparently have not internalized.

Another factor contributing to the rise in bond yields has been stepped-up Open Market Operations (OMO) by the RBI. This amounted to a net sale of about Rs. 90,000 Crores during April-December 2017-18 (compared to a net redemption of Rs. 1.1 lakh Crores during the same period in 2016-17) to sterilize the impact of foreign flows, themselves induced by high interest rates.

(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

OUTLOOK FOR 2018-19

The outlook for 2018-19 will be determined by economic policy in the run-up to the next national election. If macro-economic stability is kept under control, the ongoing reforms are stabilized, and the world economy remains buoyant as today, growth could start recovering towards its medium term economic potential of at least 8 percent.

Consider the components of demand that will influence the growth outlook. The acceleration of global growth should in principle provide a solid boost to export demand. Certainly, it has done so in the past, particularly in the mid-2000s when the booming global economy allowed India to increase its exports by more than 26 percent per annum. This time, the export response to world growth has been in line with the long-term average, but below the response in the mid-2000s. Perhaps it is only a matter of time until exports start to grow at a healthy rate. Remittances are already perking up, and may revive further due to higher oil prices.

Private investment seems poised to rebound, as many of the factors exerting a drag on growth over the past year finally ease off. Translating this potential into an actual investment rebound will depend on the resolution and recapitalization process. If this process moves ahead expeditiously, stressed firms will be put in the hands of stronger ownership, allowing them to resume spending. But if resolution is delayed, so too will the return of the private capex cycle. And if this occurs public investment will not be able to step into the breach, since it will be constrained by the need to maintain a modicum of fiscal consolidation to head off market anxieties.

Consumption demand, meanwhile, will encounter different tugs. On the positive side, it will be helped by the likely reduction in real interest rates in 2018-19 compared to the 2017-18 average. At the same time, average oil prices are forecast by the IMF to be about 12 percent higher in 2018-19, which will crimp real incomes and spending—assuming the increase is passed on into higher prices, rather than absorbed by the budget through excise tax reductions or by the oil marketing companies. And if higher oil prices requires tighter monetary policy to meet the inflation target, real interest rates could exert a drag on consumption.

Putting all these factors together, a pick-up in growth to between 7 and 7.5 percent in 2018-19 can be forecasted, re-instating India as the world's fastest growing major economy. This forecast is subject to upside potential and downside risks. The biggest source of upside potential will be exports. If the relationship between India's exports and world growth returns to that in the boom phase, and if world growth in 2018 is as projected by the IMF, then that could add another ½ percentage point to growth.

Another key determinant of growth will be the implementation of the IBC process. Here timeliness in resolution and acceptance of the IBC solutions must be a priority to kick-start private investment. The greater the delays in the early cases, the greater the risk that uncertainty will soon shroud the entire IBC process. It is also possible that expeditious resolution may require the government to provide more resources to PSBs, especially if the haircuts required are greater than previously expected, the ongoing process of asset quality recognition uncovers more stressed assets, and if new accounting standards are implemented.

Persistently high oil prices (at current levels) remain a key risk. They would affect inflation, the current account, the fiscal position and growth, and force macroeconomic policies to be tighter than otherwise. One eventuality to guard against is a classic emerging market “sudden stall” induced by sharp corrections to elevated stock prices. (Box 9 suggests that India's stock price surge is different from that in other countries but does not warrant sanguine-ness about its sustainability.) Savers, already smarting from reduced opportunities in the wake of demonetization, from depressed gold prices, and from lower nominal interest rates, would feel aggrieved, leading to calls for action. Stock price corrections could also trigger capital outflows, especially if monetary policy unwinds less hesitantly in advanced countries and if oil prices remain high. Policy might then have to respond with higher interest rates, which could

choke off the nascent recovery. The classic emerging market dilemma of reconciling the trade-off between macro-stability and growth could then play itself out.

A key policy question will be the fiscal path for the coming year. Given the imperative of establishing credibility after this year, given the improved outlook for growth (and hence narrowing of the output gap), and given the resurgence of price pressures, fiscal policy should ideally have targeted a reasonable fiscal consolidation. However, setting overly ambitious targets for consolidation—especially in a pre-election year—based on optimistic forecasts that carry a high risk of not being realized will not garner credibility either. Pragmatically steering between these extremes would suggest the following: a modest consolidation that credibly signals a return to the path of gradual but steady fiscal deficit reductions.

Against this overall economic and political background, economic management will be challenging in the coming year. If the obvious pitfalls (such as fiscal expansion) are avoided and the looming risks are averted that would be no mean achievement.

(Source: Economic Survey 2017-18 Volume 1 www.indiabudget.nic.in)

GLOBAL MANUFACTURING SECTOR

World manufacturing growth

World manufacturing growth accelerated in the third quarter of 2017, as economic recovery strengthened worldwide. Positive results reported in the First half of this year carried over into the third quarter. Steady progress over several consecutive quarters characterizes both industrialized and developing and emerging industrial economies, and prospects for sustained global industrial growth in forthcoming periods are good (Figure 1). For the first time in several years, industrial growth moved back to the positive zone in all of the major economies.

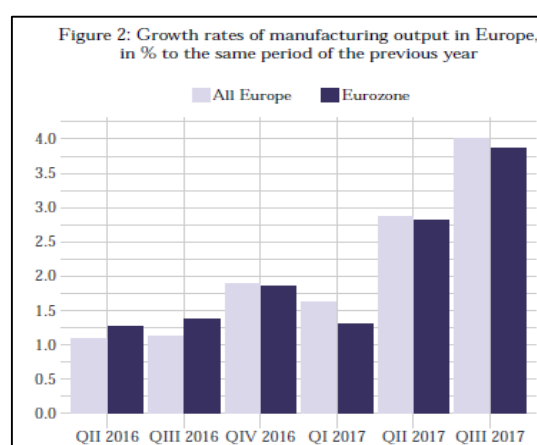
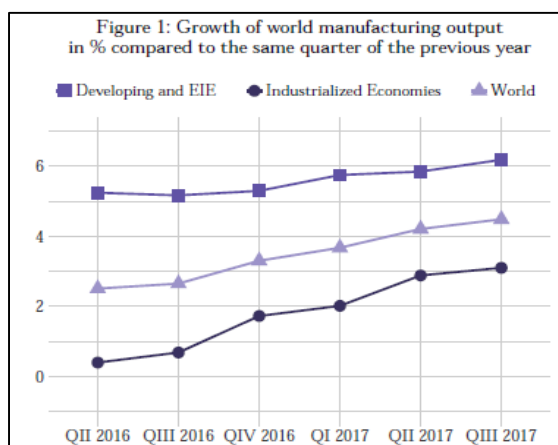
The driving forces behind the positive developments in global manufacturing were improving business conditions, rising consumer spending, promising investment plans directed towards developing economies and healthy external demand support activities. On the other hand, risks for global growth such as concerns where Brexit negotiations will lead to, changes in global trade arrangements or high geopolitical uncertainty have not yet dissipated.

Global manufacturing output rose by 4.5 per cent in the third quarter of 2017 compared to the same period of the previous year. This impressive gain was based on an already strong growth throughout the first half of 2017. The disaggregated data points to the thriving performance of major industrialized economies with a significant share in global manufacturing output, namely the United States, Japan, Germany, the Republic of Korea, Italy as well as Brazil. The manufacturing output of China, the world's largest manufacturer, continued to register a high growth rate in the third quarter.

Industrialized economies as a whole exhibited record-breaking growth at 3.1 per cent in the third quarter of 2017 - the highest manufacturing output growth in a year-by-year comparison in the post-crisis period. Such growth was attributable to Europe's dynamic recovery, where a 4.0 per cent growth was achieved. East Asian industrialized economies experienced a healthy 4.5 per cent year-by-year upward trend and the nearly two-year consecutive slump has all but been forgotten. Relative lower growth was observed in the North America region, where manufacturing output expanded by a mere 1.4 per cent.

A reversal of negative trends in Argentina and Brazil has had a considerable impact on recovery in the Latin America region. Manufacturing output of the region rose by 2.5 per cent in the third quarter of 2017, which also resulted in an accelerated growth rate of developing and emerging industrial economies as a whole at 6.2 per cent. A relatively higher increase was achieved by Asia's developing economies with a 6.5 per cent expansion recorded in the third quarter on a year-to-year basis. The manufacturing production of African regions remained in the positive zone of high growth despite the weak foundation of these countries' manufacturing industries. According to UNIDO's latest estimates, African manufacturing experienced a 6.4 per cent year-to-year gain in the third quarter of 2017.

Entering the second half of the year 2017, recovery in global manufacturing has evolved from being relatively modest to becoming more dynamic. Improvements were recorded in both industrialized economies and developing and emerging industrial economies.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

Industrialized economies

The manufacturing output of industrialized economies has followed a progressively improving upward trend over the last quarters. All industrialized regions, namely Europe, North America and East Asia, were characterized by robust dynamics in the third quarter and took a step towards a steady future.

The latest data revealed an acceleration of growth in the manufacturing sector of European economies during the third quarter of 2017 in a year-by-year comparison, beating expectations. Improved business and consumer confidence complemented by strong domestic and external demand resulted in new business and export orders. All of these factors provide tremendous opportunities to investors and signal that Europe's manufacturing sector is gradually stabilizing.

Taking a closer look at specific numbers, Europe's manufacturing sector as a whole stepped up production by 4.0 per cent in the third quarter of 2017, while the growth rate in the eurozone countries increased by 3.9 per cent compared to the same period of the previous year. In both cases, the result meant a 1.0 per cent jump from the previous quarter's results.

The major economies of the Eurozone recorded strong growth in the third quarter of 2017. Manufacturing output rose by 4.6 per cent in Germany, 3.8 per cent in Italy and 2.8 per cent in France comparing year-to-year developments. Spain, another leading Eurozone economy, achieved a 3.3 per cent growth rate. The manufacturing output of other economies of the single currency block seemingly remained healthy in the third quarter and continued on the trajectory of continuous improvement. The highest growth of over 8.0 per cent was observed in Slovenia and Lithuania. Among other economies, manufacturing output grew by 5.8 per cent in Austria, 4.7 per cent in Belgium, 5.2 per cent in Portugal and 3.8 per cent in Slovakia.

Among individual economies beyond the euro zone, the Swiss manufacturing sector experienced the strongest increase in the last 10 years and expanded sharply by 8.7 per cent compared to the same period of the previous year. The rapid surge from an upwardly revised 3.3 per cent gain in the previous quarter was primarily boosted by the manufacturing of pharmaceuticals and of computer, electronic and optical products. The manufacturing output in the United Kingdom rose by 2.7 per cent compared to the same period of the previous year. Another exceptionally positive result was observed in Sweden with a 5.8 per cent growth rate. Higher growth rates above 5.0 per cent were also observed in Czechia and Hungary.

North America's overall manufacturing growth was lower than in other industrialized regions at 1.4 per cent. The United States' manufacturers have recently picked up as the dollar dropped in value, making U.S. goods cheaper in foreign markets and boosting exports. However, a 1.2 per cent growth in the U.S.' total manufacturing production in the third quarter of 2017 represents a slight slowdown, given the performance of the U.S.' manufacturing sector in the second quarter. A solid performance was witnessed in Canadian manufacturing, where production expanded by 3.2 per cent.

Strong global growth continued to drive manufacturing activity in industrialized East Asian economies during the third quarter, leading the manufacturing production to expand by 4.5 per cent. Japan's manufacturing output rose by 4.7 per cent compared to the same period of the previous year. Despite the slightly lower figure in the third quarter, Japan has maintained an uninterrupted period of high growth for several consecutive quarters. Growth momentum strengthened in Malaysia, where manufacturing output recorded a 7.0 per cent increase in the third quarter of 2017. A particularly strong two-digit growth rate was observed in Singapore, while the Republic of Korea and Taiwan, Province of China's manufacturing production expanded only moderately by 1.4 per and 3.3 per cent, respectively. The manufacturing recovery in Russia remained largely on track in the third quarter of 2017, with a nearly 1.0 per cent expansion recorded on a year-to-year basis. A similar growth rate was also observed in Norway which further reduced its contraction rate.

(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

Developing and Emerging Industrial Economies

The combination of good results in all developing and emerging industrial regions helped the developing and emerging industrial economies as a whole achieve a 6.2 per cent growth in the third quarter of 2017 (Figure 3). The recovery of Latin America continues unabated, the growth momentum is also largely holding up across the Asian economies and production in Africa is further promoting from boosted investor confidence.

Manufacturing activity in China has stabilized at the same pace of growth since the beginning of 2017 - a 7.3 per cent increase on a year-by-year basis. The development of advanced manufacturing industries and the new investment plan in the environment has led to an overall upgrade of China's manufacturing industry.

Latin America has made positive developments in the manufacturing sector, following the resumption of growth in the second quarter. Brazilian manufacturers are finally emerging from the deep recession with an upward trend of 2.8 per cent recorded in the third quarter of 2017. The largest expansion was observed in the manufacturing of motor vehicles, trailers and semi-trailers. Meanwhile, Argentina has overcome a severe decline in economic growth with the country's manufacturing activity recording a growth of 4.4 per cent – its best performance over the last six years. Looking at other countries in the region, Mexico's manufacturing production retained a positive increase of nearly 3.5 per cent, Chile recorded a moderate upturn of 1.5 per cent, while manufacturing output in Peru and Ecuador decreased in comparison to the same period of 2016.

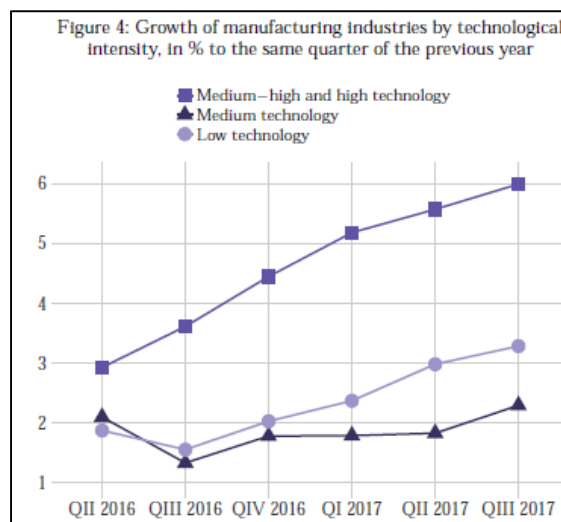
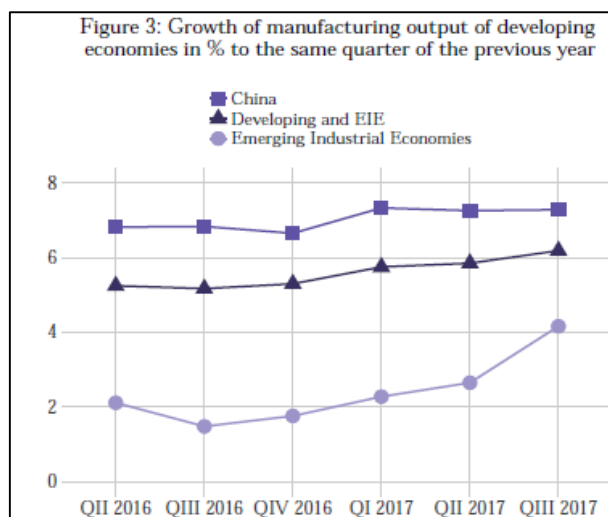
An impressive growth rate was observed in Asia and the Pacific region. Viet Nam, one of Asia's fast growing economies, continued to attract sizeable foreign direct investment in-ows. Its manufacturing sector was supported by strong demand for electronics and retained a solid pace in the third quarter, expanding by 12.8 per cent. However, the long-term trajectory of double-digit year-to-year growth in manufacturing was interrupted at the beginning of 2017 due to weakened exports. A positive development in growth was also observed in Indonesia, where manufacturing production accelerated and registered a 5.5 per cent gain in the third quarter of 2017. Similarly, the slowed performance of India's manufacturing sector in the last quarter improved slightly, with a moderate 2.2 per cent increase. In Thailand, manufacturing output rose by 4.2 per cent, which was mainly supported by a higher output of the automotive industry. As regards the manufacturing output of other economies from the region, Pakistan and Mongolia performed well, but the Philippines and Jordan's manufacturing sector contracted in a year-by-year comparison.

Among Africa's economies, South Africa, the region's most industrialized country, has been performing below its potential since the final quarter of 2016 and has entered a recession. Following three quarters of depressed manufacturing production in a row, South Africa's manufacturing sector showed marginal positive growth in the third quarter of 2017. However, its current growth is still too weak to project whether the recession will be overcome by the end of the year. Similarly, Tunisia's manufacturing output rose by 2.4 per cent following a period of contraction. A positive growth rate was also registered in Egypt and Morocco, while Senegal and Nigeria's manufacturing output fell compared to the same period of the previous year. However, it should be noted that estimates for Africa are based on limited data, revealing high instability and volatility.

Among other developing economies, the manufacturing output of Eastern European countries registered relatively higher growth rates in the third quarter of 2017. Manufacturing output rose by 8.2 per cent in Poland, 4.7 per cent in Belarus, 5.8 per cent in Bulgaria, 8.5 per cent in Serbia and over 9.0 per cent in Romania, Latvia and Bosnia and Herzegovina. Turkey's manufacturing sector also performed well and exceeded 10.0 per cent growth rate.

Key Findings - Global manufacturing Sector

Global manufacturing production maintained a positive growth rate in all industries in the third quarter of 2017. Advanced manufacturing such as automation, robotics and digital products have been experiencing a steady expansion at the global level. Shifting from low technology to high technology manufacturing industries plays a key role in promoting innovation in the long term and, moreover, determines the positioning of economies within the global market. Therefore, the competition between advanced and emerging economies in high-tech leadership will be compelling and crucial for both groups. In the wake of the fourth industrial revolution, embracing emerging technologies brings global manufacturing production to a new level. The high growth rate in medium high and high technology industries observed in the third quarter of 2017 led to an increase in high value goods, indicating a high level of consumer confidence (Figure 4). UNIDO data largely support this pro-technology approach.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

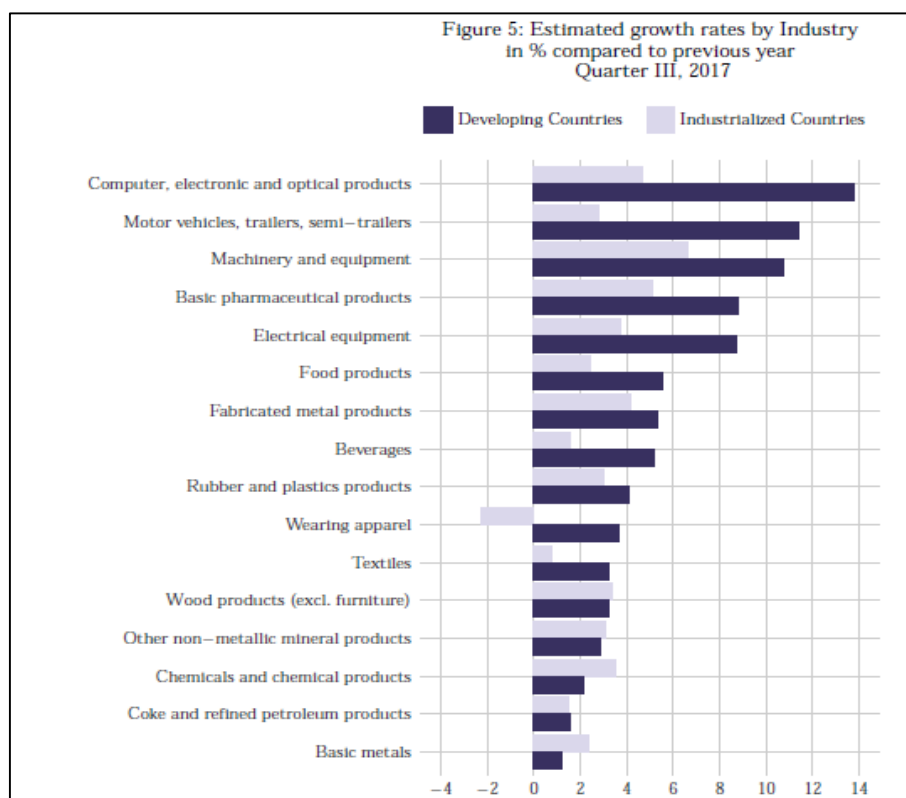
Medium high and high technology manufacturing industries have repeatedly held top positions when looking at year-by-year comparisons - these industries witnessed a 6.0 per cent growth rate, a record-breaking result in the last five years. When reviewing the individual top industries, the manufacturing of computers, electronics and optical products grew by 8.3 per cent, the production of machinery and equipment rose by 8.0 per cent, the manufacturing of pharmaceutical products by 6.7 per cent (which recorded a visibly accelerated growth rate compared to the results of the previous quarter), the production of electrical equipment by 6.1 per cent and the manufacturing of motor vehicles by 5.9 per

cent. The production in all of the above- mentioned industries was dominated by developing and emerging industrial economies compared with industrialized economies (Figure 5).

As regards medium technology manufacturing industries, 2.3 per cent growth was registered worldwide in the third quarter of 2017. The global manufacturing of rubber and plastic products increased by 3.4 per cent in a year-by-year comparison, while the manufacturing of non-metallic mineral products recorded a growth rate of 3.0 per cent. The global manufacturing of basic metals rose at a moderate pace of 1.6 per cent.

In low technology manufacturing industries, overall global production rose by 3.3 per cent in the third quarter of 2017 compared to the same period of the previous year. The global manufacturing of fabricated metal products grew by 4.6 per cent, followed by the manufacturing of furniture with a 4.3 per cent increase. Relatively high growth rates were maintained worldwide in the production of basic consumer goods - the global manufacturing of food products rose by 3.8 per cent, beverages by 3.4 per cent and the global manufacturing of both textile and wearing apparel increased by slightly over 2.5 per cent. The growth rate of the manufacturing of paper products expanded by 2.4 per cent, while coke and refined petroleum products and printing remained below 2.0 per cent.

The growth rates for selected industries are presented below. Additional statistics on the growth rates in the third quarter of 2017 are available in the Statistical Tables.



(Source: World Manufacturing Production- Statistics for Quarter III, 2017; United Nations Industrial Development Organisation - www.unido.org)

GLOBAL COTTON INDUSTRY: POSITION & OUTLOOK

World Balance sheet of Cotton Stocks

World Balance Sheet

million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	92.1	102.9	111.1	95.3	87.7	87.7
Production	120.4	119.1	96.2	106.8	121.4	121.9
Supply	212.5	222.1	207.3	202.1	209.0	209.6
Mill-Use	110.0	111.9	112.3	114.8	120.5	120.8
Ending Stocks	102.9	111.1	95.3	87.7	88.6	88.8
Stocks/Use Ratio	93.5%	99.3%	84.9%	76.4%	73.5%	73.6%

China: Balance sheet of Cotton Stocks

China Balance Sheet

million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	50.4	62.7	66.9	58.2	48.4	48.4
Production	32.8	30.0	22.0	22.8	27.5	27.5
Imports	14.1	8.3	4.4	5.0	5.0	5.1
Supply	97.2	101.0	93.3	86.0	80.9	81.0
Mill-Use	34.5	34.0	35.0	37.5	40.0	40.0
Exports	0.0	0.1	0.1	0.1	0.1	0.1
Demand	34.5	34.1	35.1	37.6	40.1	40.1
Ending Stocks	62.7	66.9	58.2	48.4	40.9	41.0
Stocks/Use Ratio	181.6%	196.4%	165.7%	128.9%	102.0%	102.3%

World less china: Balance sheet of cotton Stocks

World-Less-China Balance Sheet

million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	41.8	40.2	44.1	37.1	39.2	39.3
Production	87.6	89.1	74.2	84.0	93.9	94.4
Imports from China	0.0	0.1	0.1	0.1	0.1	0.1
Supply	129.4	129.4	118.5	121.2	133.2	133.8
Mill-Use	75.5	77.9	77.3	77.3	80.5	80.8
Exports to China	14.1	8.3	4.4	5.0	5.0	5.1
Demand	89.7	86.2	81.7	82.3	85.5	85.9
Ending Stocks	40.2	44.1	37.1	39.3	47.7	47.9
Stocks/Use Ratio	44.9%	51.2%	45.4%	47.7%	55.8%	55.7%

Source: USDA

India: Balance sheet of Cotton Stocks

India Balance Sheet

million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	11.8	11.5	13.5	9.9	11.1	11.1
Production	31.0	29.5	25.9	27.0	28.5	28.5
Imports	0.7	1.2	1.1	2.7	1.7	1.7
Supply	43.5	42.2	40.5	39.7	41.3	41.3
Mill-Use	23.3	24.5	24.8	24.0	24.5	24.5
Exports	9.3	4.2	5.8	4.6	4.2	4.2
Demand	32.5	28.7	30.5	28.6	28.7	28.7
Ending Stocks	11.5	13.5	9.9	11.1	12.6	12.6
Stocks/Use Ratio	35.2%	47.0%	32.6%	39.0%	44.0%	44.0%

United States: Balance Sheet of Cotton Stocks

U.S. Balance Sheet

million 480 lb. bales	2013/14	2014/15	2015/16	2016/17	2017/18 February	2017/18 March
Beginning Stocks	3.8	2.4	3.7	3.8	2.8	2.8
Production	12.9	16.3	12.9	17.2	21.3	21.0
Imports	0.0	0.0	0.0	0.0	0.0	0.0
Supply	16.7	18.7	16.6	21.0	24.0	23.8
Mill-Use	3.6	3.6	3.5	3.3	3.4	3.4
Exports	10.5	11.2	9.2	14.9	14.5	14.8
Demand	14.1	14.8	12.6	18.2	17.9	18.2
Ending Stocks	2.4	3.7	3.8	2.8	6.0	5.5
Stocks/Use Ratio	16.7%	24.6%	30.2%	15.1%	33.6%	30.3%

(Source: USDA – United States Department of Agriculture www.usda.gov)

INDIAN MANUFACTURING SECTOR

Introduction

Manufacturing has emerged as one of the high growth sectors in India. Prime Minister of India, Mr Narendra Modi, had launched the 'Make in India' program to place India on the world map as a manufacturing hub and give global recognition to the Indian economy. India is expected to become the fifth largest manufacturing country in the world by the end of year 2020*.

Market Size

The Gross Value Added (GVA) at basic constant (2011-12) prices from the manufacturing sector in India grew 7.9 per cent year-on-year in 2016-17, as per the first revised estimates of annual national income published by the Government of India. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022. Business conditions in the Indian manufacturing sector continue to remain positive.

Investments

With the help of Make in India drive, India is on the path of becoming the hub for hi-tech manufacturing as global giants such as GE, Siemens, HTC, Toshiba, and Boeing have either set up or are in process of setting up manufacturing plants in India, attracted by India's market of more than a billion consumers and increasing purchasing power.

Cumulative Foreign Direct Investment (FDI) in India's manufacturing sector reached US\$ 72.31 billion during April 2000-September 2017.

India has become one of the most attractive destinations for investments in the manufacturing sector. Some of the major investments and developments in this sector in the recent past are:

- Mahindra and Mahindra is planning to start operating a fleet of electric cabs and supplying parts to Electric Vehicle (EV) manufacturers.
- Grasim Industries has received clearance for expansion of its plant at Vilayat. The expansion will entail an investment of Rs 2,560 crore (US\$ 396.8 million)
- Over 350 mobile charger factories are expected to be set up in India by 2025, on the back of the government's push to encourage production of battery chargers. Setting up of these factories is expected to lead to production of 1.46 billion chargers and generation of 0.8 million jobs.
- Government of India is planning to invite bids for setting up of 20 Gigawatts (GW) of solar power capacity with the objective of boosting domestic manufacturing of solar power equipment.
- JSW Energy has signed a memorandum of understanding (MoU) with the Government of Gujarat, for setting up an electric vehicle (EV) manufacturing unit in Gujarat at an estimated cost of Rs 4,000 crore (US\$ 608.88 million).
- With an aim to increase its presence in India, Denmark-based heating ventilation and air-conditioning (HVAC) giant, Danfoss, is planning to take its manufacturing localisation to 50 per cent as well as double its supplier base in India by 2020.

Government Initiatives

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

- In Union Budget 2018-19, the Government of India reduced the income tax rate to 25 per cent for all companies having a turnover of up to Rs 250 crore (US\$ 38.75 million).
- Under the Mid-Term Review of Foreign Trade Policy (2015-20), the Government of India increased export incentives available to labour intensive MSME sectors by 2 per cent.
- The Ministry of Electronics and Information Technology is in the process of formulation of a new electronics manufacturing policy. The aim of the new policy will be to create an ecosystem of manufacturing in the country, enable India to become a significant global player in some of these categories.
- Ministry of Home Affairs liberalised Arms Rules to boost 'Make in India' manufacturing policy of the government. The liberalisation of the policy is expected to encourage investment in the manufacturing of arms and ammunition and weapon systems and promote employment generation.
- The Government of India has launched a phased manufacturing programme (PMP) aimed at adding more smartphone components under the Make in India initiative thereby giving a push to the domestic manufacturing of mobile handsets.
- The Government of India is in talks with stakeholders to further ease foreign direct investment (FDI) in defence under the automatic route to 51 per cent from the current 49 per cent, in order to give a boost to the Make in India initiative and to generate employment.
- The Ministry of Defence, Government of India, approved the "Strategic Partnership" model which will enable private companies to tie up with foreign players for manufacturing submarines, fighter jets, helicopters and armoured vehicles.

- The Union Cabinet has approved the Modified Special Incentive Package Scheme (M-SIPS) in which, proposals will be accepted till December 2018 or up to an incentive commitment limit of Rs 10,000 crore (US\$ 1.5 billion).

Road Ahead

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

The manufacturing sector of India has the potential to reach US\$ 1 trillion by 2025 and India is expected to rank amongst the top three growth economies and manufacturing destination of the world by the year 2020. The implementation of the Goods and Services Tax (GST) will make India a common market with a GDP of US\$ 2.5 trillion along with a population of 1.32 billion people, which will be a big draw for investors.

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

Exchange Rate Used: INR 1 = US\$ 0.0155 as on January 04, 2018

*Notes: * - According to the Global Manufacturing Competitiveness Index published by Deloitte*

(Source: Indian Manufacturing Sector India Brand Equity Foundation www.ibef.org)

INDIAN TEXTILE INDUSTRY

Introduction

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textiles sector is one of the largest contributors to India's exports with approximately 13 per cent of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments. First, the unorganised sector consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The second is the organised sector consisting of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

The textile industry employs about 45 million people directly and 20 million people indirectly. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion.

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

Market Size

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 2 per cent to India's Gross Domestic Product (GDP), 10 per cent of manufacturing production and 14 per cent to overall Index of Industrial Production (IIP).

Indian khadi products sales increased by 33 per cent year-on-year to Rs 2,005 crore (US\$ 311.31 million) in 2016-17 and is expected to exceed Rs 5,000 crore (US\$ 776.33 million) sales target for 2018-19, as per the Khadi and Village Industries Commission (KVIC).

The production of cotton in India is estimated to increase by 9.3 per cent year-on-year to reach 37.7 million bales in FY 2017-18. The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles.#

Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US\$ 2.68 billion during April 2000 to September 2017.

Some of the major investments in the Indian textiles industry are as follows:

- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US\$ 202.9 million) from 2017-18 to 2019-20.
- Future Group is planning to open 80 new stores under its affordable fashion format, Fashion at Big Bazaar (FBB), and is targeting sales of 230 million units of garments by March 2018, which is expected to grow to 800 million units by 2021.
- Raymond has partnered with Khadi and Village Industries Commission (KVIC) to sell Khadi-marked readymade garments and fabric in KVIC and Raymond outlets across India.
- Max Fashion, a part of Dubai based Landmark Group, plans to expand its sales network to 400 stores in 120 cities by investing Rs 400 crore (US\$ 60 million) in the next 4 years.

Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiative will be taken into consideration by Government of India.

- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.
- The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVIC's 60th anniversary and a khadi outlet.

The **Textiles** Ministry will organise 'Hastkala Sahyog Shivirs' in 421 handloom-handicrafts clusters across the country which will benefit over 1.2 lakh weavers and artisans.

- The Gujarat government's decision to extend its textile policy by a year is set. It is believed to attract Rs 5,000 crore (US\$ 50 billion) of more investment in sectors across the value chain. The government estimates addition till now of a million units of spindle capacity in the spinning sector and setting up of over 1,000 units in technical textiles.

Some of initiatives taken by the government to further promote the industry are as under:

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- The Government of India plans to introduce a mega package for the power loom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.

Road Ahead

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market. The domestic market for apparel and lifestyle products, currently estimated at US\$ 85 billion, is expected to reach US\$ 160 billion by 2025.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand*.

Exchange Rate Used: INR 1 = US\$ 0.015 as of January 4, 2018.

References: Ministry of Textiles, Indian Textile Journal, Department s Industrial Policy and Promotion, Press Information Bureau, Union Budget 2017-18

*Note: # - according to Damco, * - according to India Ratings and Research, ^ - according to the International Cotton Advisory Committee (ICAC)*

(Source: Indian Textile Industry - India Brand Equity Foundation www.ibef.org)

OVERVIEW INDIAN TEXTILE INDUSTRY

Textile plays a major role in the Indian economy. It contributes 14 per cent to industrial production and 4 per cent to GDP (ii) With over 45 million people, the industry is one of the largest source of employment generation in the country. The industry accounts for nearly 15 per cent of total exports The size of India's textile market in 2016 was around US\$ 137 billion, which is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent between 2009-23E

As of June 2017, the central government is planning to finalize and launch the new textile policy in the next three months. The policy aims to achieve US\$ 300 billion worth of textile exports by 2024-25 and create an additional 35 million jobs. Production of raw cotton in India grew from 28 million bales in FY07 and further increased to 35.1 million bales in FY17. During FY07-17, raw cotton production expanded at a CAGR of 2.3 per cent. During FY16(1), of the overall amount of raw cotton produced in the country, domestic consumption totalled to 30 million bales, while in FY15(1), the domestic consumption of raw cotton stood at 30.4 million bales. Raw cotton and man-made fibres are major segments in this category.

(Source: Indian Textile Industry - India Brand Equity Foundation www.ibef.org)

INDIAN TEXTILES AND APPAREL INDUSTRY

The textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for ~14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share. The domestic textile industry in India is estimated to reach US\$ 250 billion by



- Huge investments are being made by Government under Scheme for Integrated Textile Parks (SITP)-(US\$ 184.98 million) and Technology Upgradation Fund Scheme (TUFS)-(US\$ 216.25 million released in 2017) to encourage more private equity and to train workforce

Competitive Advantages

- Abundant availability of raw materials such as cotton, wool, silk and jute
- India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to major textile producers

Policy Support

- 100 per cent FDI (automatic route) is allowed in the Indian textile sector
- Under Union Budget 2018-19, the government has allocated Rs 30 crore (US\$ 4.63 million) for the Scheme for Integrated Textile Parks, under which there are 47 ongoing projects.
- Free trade with ASEAN countries and proposed agreement with European Union will boost exports

(Source: *Textiles and Apparels February 2018 – India Brand Equity Foundation* www.ibef.org)

OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “Forward-Looking Statements” beginning on page 23 of this Draft Red Herring Prospectus, for a discussion of the risks and uncertainties related to those statements and also the section “Risk Factors” beginning on page 24 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Information” beginning on pages 24 and 209, respectively.

OVERVIEW

Our Company was originally incorporated as “Sumeet Poly Power Limited” at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Havelli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to “Sumicot Limited” pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

Our Company, Sumicot Limited, is engaged in the manufacturing and marketing of cotton yarn and cotton knitted fabrics. Incorporated in 2010, our Company acquired land in Dahej, Gujarat in 2011 which measures over 1,50,000 sq. meters in area. Subsequently, we commenced our commercial operation in year 2014 by setting up an automated manufacturing facility in part of the acquired land with an initial capacity of 19,584 spindles. Moving towards our mission and growing acceptance of our products, we expanded our facility by ramping up installed capacity from 19,584 spindles to 39,168 spindles and 16 knitting machines for cotton fabric manufacturing. We have also installed TFO Machines and Slub Attachment machineries for value addition in Cotton Yarns. Our Company manufactures 100% cotton yarn which includes varieties of combed yarns such as combed compact, combed slub and combed double TFO yarns. The cotton yarn manufactured by our Company is used for weaving and knitting by textile manufacturers. We use our manufactured cotton yarn in our fabric unit for manufacturing of fabric sheets.



Our Group Company, Sumeet Industries Limited which is engaged in the business of yarn and textile manufacturing since 3 decades is listed both in National Stock Exchange of India Limited (NSE) and BSE Limited having an annual turnover of more than Rs. 1,400 crores. With the help of already established presence of Sumeet Industries Ltd, our Company got easy recognition and consequently an quicker access to major corporate houses in both domestic and international markets.

Our individual promoters are Rakesh Somani and Rajkumar Somani who have sound knowledge and experience in the industry in which we operate. Our Promoters are engaged in day-to-day operations of our Company and actively participate in decision making activities overhauling overall operations



which ranges from manufacturing process, marketing, finance and other commercial activities related to the cotton yarn industry.

Our Company has been focusing in manufacturing of premium quality cotton yarn which meets the requirement of premium segment textile fabric manufacturers which leads to better margins for our Company. Further, we also have strong clientele in both the domestic and export markets ensuring us large and repetitive orders apart from entrusting us w.r.t quality of our cotton yarn.

We understand that quality plays an important role in driving growth, accordingly we procure cotton bales from trusted cotton ginners in Gujarat which provides us constant supply of cotton bales at the prevailing market rates. In the event of higher domestic prices of cotton, our Company contemplates procuring cotton from international markets. Procuring of cotton from domestic market is a strategic decision which leads to quicker delivery of raw material and lower working capital costs.

The level of advancement determines the productivity of machines and labour, which in turn, determines the production and profitability of our Company. Our technical team is equipped with new spinning machines and processing techniques by virtue of which we are able to ensure quality yarn.

Our Company is an ISO 9001:2008 certified assuring our customers of the quality of our products. We focus on producing quality product and accordingly we have installed new machineries in our manufacturing facility keeping them clean to increase customer satisfaction and develop a positive brand image in the industry. Our management and team has enabled us to maintain continuing customer relations, ensuring repeat order flows. Promoters having experience in cotton industry has maintained close relations with its suppliers and tries to strengthen the same.

We have a dedicated in-house Testing and Quality Control Team which undertakes testing and quality management. We have dedicated semi-automatic and manual testing machines. Our Testing and QC team coupled with our testing equipment ensures the quality of raw material dispensed in the production process and also the finished goods delivered to our customers. This helps in improving our procurement process thus reducing wastages, returns and other related costs.

LOCATIONAL PRESENCE

Our Company's registered office and manufacturing facilities are as below:

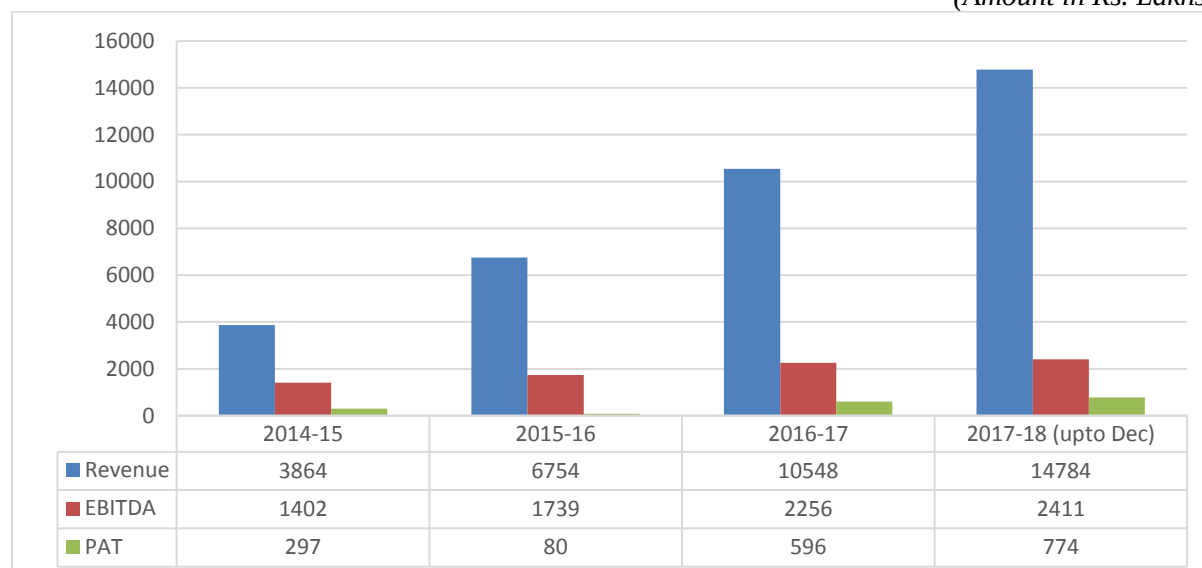
Registered Office: 504, Trividh Chamber, Opp. Fire Station, Ring Road, Surat – 395002, Gujarat

Manufacturing Facility: Plot No. D-2/Ch-12/A/1, Dahej-II Industrial Estate, Dahej GIDC, OFF. Bharuch-Dahej Road, Village Vadadala, Sub. Dist. Vagra, Dist. Bharuch, Gujarat

FINANCIAL OVERVIEW

Financial Snapshot of our Company as per Restated Financial Statements is as under:

(Amount in Rs. Lakhs)



Segmental break-up of our Standalone Revenue from Operation is as under:

(Amount in Rs. Lakhs)

Particulars	F.Y 2014-15	F.Y. 2015-16	F.Y 2016-17	For the period ended 31 st Dec, 2017
Yarn	3,591.76	6,178.76	8,412.02	11,054.46
Fabrics	-	-	1,268.59	2,480.93
By-products	254.44	546.23	814.58	1,200.27
Waste	8.84	12.58	21.87	27.55
Scraps	-	0.74	13.72	12.72
Revenue from Operations	3,855.04	6,738.31	10,530.80	14,775.73

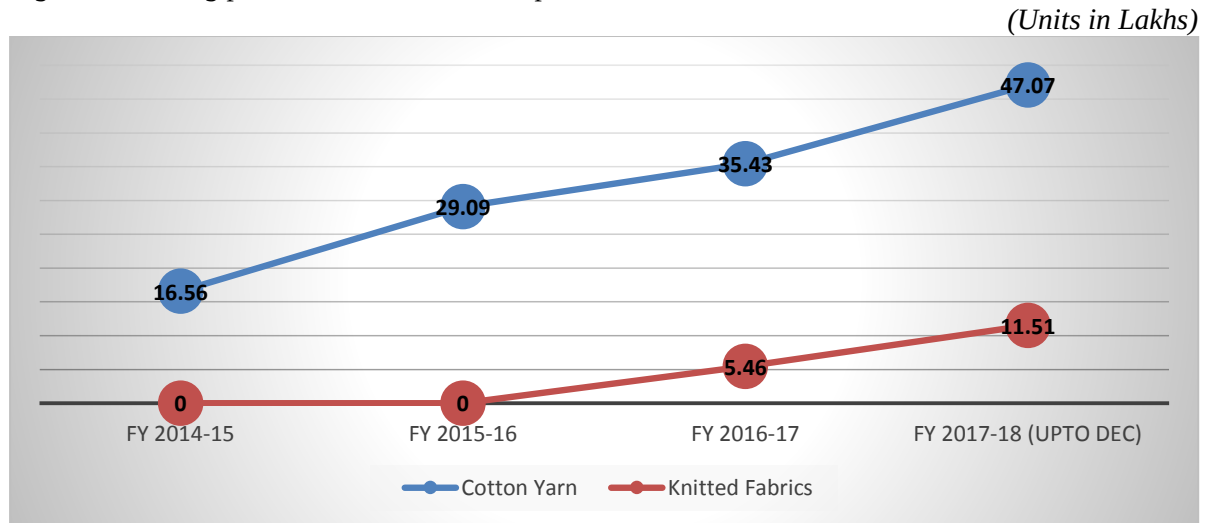
Geographical break-up of our Standalone Revenue from Operation is as under:

(Amount in Rs. Lakhs)

Particulars	F.Y. 2014-15	F.Y. 2015-16	F.Y 2016-17	For the period ended 31 st Dec, 2017
India	3,688.43	6,435.13	9,995.08	13,375.45
Pakistan	-	-	341.52	857.99
Egypt	-	-	-	370.54
Portugal	-	-	-	66.79
Turkey	-	-	-	60.64
Columbia	-	-	-	44.29
Bangladesh	-	260.53	168.02	-
Thailand	-	-	26.14	-
Sri Lanka	-	42.63	-	-
China	166.61	-	-	-
Revenue from Operations	3,855.04	6,738.31	10,530.80	14,775.93

Note: The export sales are made through merchant traders in India and are not direct sales. Hence, the export sales are deemed exports.

Figure describing production trend over the period:



Particulars	Installed (in kgs p.a.)	F.Y. 2014-15	F.Y. 2015-16	F.Y. 2016-17	For the period ended 31 st Dec, 2017
Cotton Yarn	52,80,000	16,56,407	29,09,729	35,43,303	47,07,457
Knitted Fabrics	19,80,000	-	-	5,45,988	11,51,539

Top 5 customers for period ended 31st December, 2017

(Amount in Rs. Lakhs)

Sr. No.	Customer Name	Amount	Percentage to Total Sales
1.	Raghuvir Texturisers Pvt. Ltd.	4,151.42	28.09%
2.	Chintan Processors Pvt. Ltd.	2,991.40	20.24%
3.	S.Kumar Nationwide Ltd.	1,511.25	10.22%
4.	Donear Industries Ltd.	1,122.09	7.59%
5.	Birla Century	543.39	3.67%
	Total	10,319.55	69.84%

Top 5 suppliers for period ended 31st December, 2017

(Amount in Rs. Lakhs)

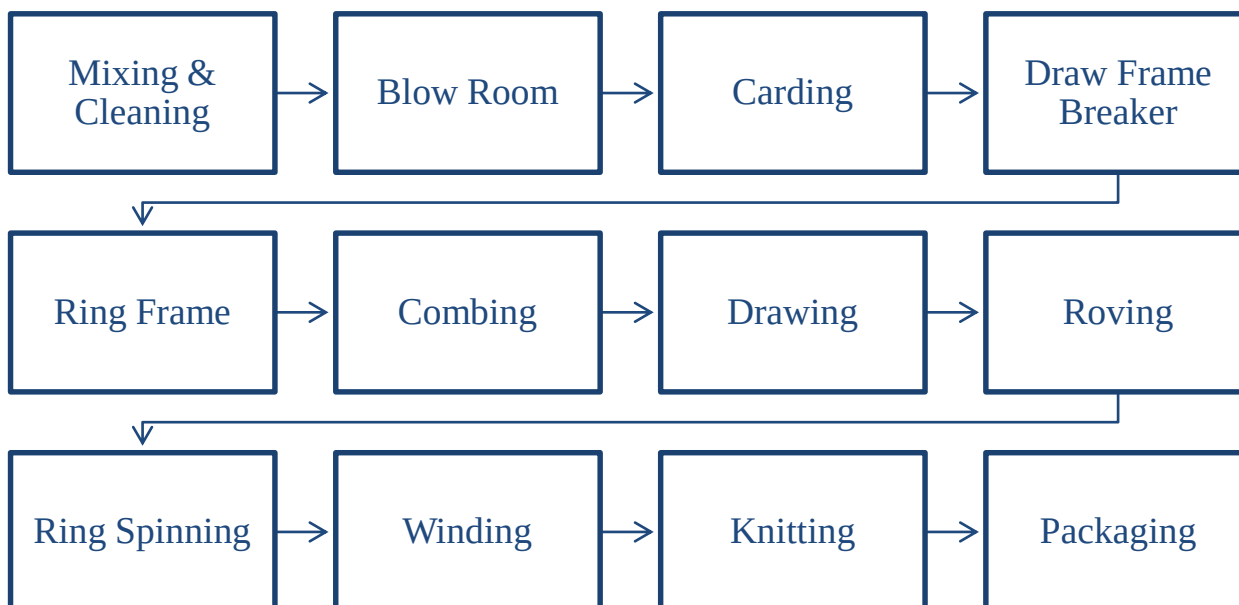
Sr. No.	Customer Name	Amount	Percentage to Total Purchases
1.	Sujan Marketing Pvt. Ltd.	1,323.30	12.96%
2.	Jalarn Ginning Factory	1,276.28	12.50%
3.	Super Cotton Industries	744.62	7.29%
4.	Nishant Cotton Corporation	630.41	6.17%
5.	Nityanand Cotton Pvt Ltd.	366.76	3.59%
	Total	4,341.37	42.50%

OUR PRODUCTS

Our Company manufactures following categories of products:

Product	Image	Description
Cotton Yarn		Yarn is the end product of spinning. It is the primary component for any knitted fabric. 100% cotton yarn is used to make different type of fabrics. In some cases, the 100% cotton yarn is blended with some other yarn in different ratios to provide different effects like shining or to lend more elasticity to the yarn. It is the yarn count and the twisting mode of the yarn that actually determines the overall strength and look of the manufactured fabric.
Knitted Fabrics		Knitted fabric is a textile that results from knitting. Its properties are distinct from woven fabric in that it is more flexible and can be more readily constructed into smaller pieces, making it ideal for socks and hats. Its properties are distinct from nonwoven fabric in that it is more durable but takes more resources to create, making it suitable for multiple uses.

OUR MANUFACTURING PROCESS



1. Mixing & Cleaning

Cotton fiber is received in form of bales in spinning unit. The cotton received is graded based on quality of lint / trash content / fiber strength & maturity. In the first stage of process, cotton fiber lint which is in compressed form is opened up to make lint fully so that it can be fed to the next manufacturing stage. At this stage external impurities are removed by using compressed air.



2. Blow Room

In the process cotton lint is opened and cleaned thoroughly. The objective is to achieve maximum possible opening of cotton lint and remove physical impurities during the process. This is achieved by passing the cotton lint through series of beaters of various forms. The opened cotton lint is then fed to next manufacturing process i.e. carding.

3. Carding

Carding is the process of converting opened cotton lint into thin web first & then in a loose open rope like form called sliver. This is a very important process in yarn manufacturing from the quality stand point of the final yarn.

4. Draw Frame

Through draw frame, Slivers of high evenness can be produced. An adjustable Suction nozzle over the top rollers ensures cleaner Slivers. It helps to produce compact slivers with uniformity

5. Lap Former

In lap forming process slivers are converted into laps by pressing the doubling of slivers uniformly and material is rolled on a lap. This is intermediate process, which produce feed material for the comber.

6. Combing

As the name suggests, in this process cotton lint is combed to remove fibers below certain specific length. This is a process which improves the strength, appearance & gives lustrous appearance to yarn. It has positive impact on the overall quality and appearance to yarn. It has a positive impact on the overall quality & appearance of the fabric produced from such yarn.



7. Drawing

The loose rope-like stands of fibers called Slivers produced in previous processes are fed into machines called Draw Frames. This process insures that fibers in silver are positioned more parallel and improves uniformity over the longer length. This process is repeated depending up on the quality requirement of the final product to improve uniformity appearance.



8. Roving

The ropelike stands of fiber produced in previous stage are converted into thinner form by way of drafting, twisting & winding. This is called roving. This the penultimate stage of fiber being converted into yarn.



9. Ring Spinning

The roving produced are converted into yarn of the desired count. This process is carried out machines called as Ring Frames. The roving are passed through drafting zones to produce yarn of desired count. Ring Frame are equipped with number of spindles on which yarn that is produced is wound. The Ring Frames are equipped with cleaning facilities- using air and suction to remove protruding fibers. This is key to get the desired yarn quality which smooth & clean in appearance.



10. Winding

The yarn produced in spinning department is converted from small packages to bigger packages for commercial use. At this stage yarn also passed through machines called as Auto Coners. In this process put through a sort of quality check. Here the machine would not allow yarn faults which are objectionable (as required for the final yarn quality). The faults such as thick places, thin places etc. are identified at this stage. The yarn is cut as such objectionable fault and re-connected by knotless process called splicing. This ensures yarn is made available for further fabric manufacturing process of certain specific quality, free of knots and also of certain minimum strength and evenness in appearance.



11. Knitting

This is an additional step when fabric is required to be made. After completion of cotton yarn manufacturing, we use the manufactured yarn for manufacturing fabric sheet through Knitting. Knitting creates multiple loops of yarn, called stitches, in a line or tube. Knitting has multiple active stitches on the needle at one time. Knitted fabric consists of a number of consecutive rows of intermeshing of loops. As each row progresses, a newly created loop is pulled through one or more loops from the prior row, placed on the gaining needle, and the loops from the prior row are then pulled off the other needle.



12. Packaging

Once the manufacturing process is completed, the yarns are moisturized before being taken for packaging. This step is performed as per the orders of the customers with separate identification for each package. Standard 20' / 40' containers are used for shipping the yarn for Exports.

OUR RAW MATERIALS

The basic raw material required for the manufacture of 100% cotton yarn is ginned cotton. We procure only Shankar-6 quality of cotton which is predominantly grown in Gujarat. The vendors of raw cotton are identified based on the several parameters like the quality of raw material, price competitiveness and the time taken for delivery. The raw cotton required is mainly procured from the local supplies.

The Packing material required by the company are mainly Paper tube, HDPE bag, HM bag, etc. for safety of the products during transportation. Packing materials are easily available in domestic market.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success and will continue to be competitive advantages for us, supporting our strategy and contributing to improvements in our financial performance:



1. Experienced Promoters

The Promoters of the Company are Rakesh Somani and Rajkumar Somani. They have been associated with the textile industry since many years having a combined experience of more than 2 decade. With their sound knowledge and experience in the industry in which we operate, our Company enjoys a strategic and sensible business decisions which have become the guiding force behind the operational

and financial success of our company. They are responsible for the entire business operations of the Company along with an experienced team of professionals who assist them independently.

Their Industry knowledge and understanding is also a key competitive advantage enabling us to expand our geographical and customer presence in existing as well as target markets, while exploring new growth avenues. With their vision and expertise, we have grown in a consistent and speedy manner from the time of our incorporation in 2013. We believe that their experience shall continue to contribute significantly to the growth of our operations.

Our Corporate promoter, Sumeet Industries Ltd, listed in both NSE and BSE with an annual turnover of more than Rs. 1,400 crores is an established brand name in the textile industry with presence of over 2 decade. Their knowledge and experience have been aiding our Company to grow and avoid mistakes faced by an early-stage companies. With the support of their brand name, we have been easily catering into large business houses giving us sustained revenue and customers.

2. Government incentives

We are located in the state of Gujarat and enjoy benefits of various incentives provided by central and state government which includes 2% interest subsidy under TUFS, 7% interest subsidy and 5% GST incentive under Gujarat Textile Policy, 2012. Thus, such government incentives gives Company an operating leverage over the units located in other states.

3. Premium Segment

Cotton yarn is a highly competitive industry and our Company believes creating a niche is vital to stand against the competition. Accordingly, since inception, our Company have been manufacturing yarn of premium quality catering to the need of textile manufacturers dealing in premium segment. Our presence in this segment has enabled us to enjoy higher margin than our peers in the same line of business. Since we deal in premium segment, customers prefer to stick to their supplier in order to maintain the consistency of the product consequently leading to sustained revenue and optimum utilization of the installed capacity.

4. Locational Advantage

The manufacturing facility of the Company is located at Dahej, Gujarat. The manufacturing facility is located at a distance of around 15 kms from Dahej port and is in a Shankar-6 cotton rich belt. All infrastructure facilities like skilled labour, raw material, technology, Communication, transportation etc. are easily available due to extensive industrialization in the area. Due to the strategic location of our Company, we are able to curtain our freight costs to some extent.

5. Customer oriented approach

Customer satisfaction is one of our key success factors. We cater to various customers across domestic and export markets. We try to provide customer specific solutions and offer our products and services not in a standard but in a customized manner so as to suit their requirements. Loyalty of our existing customers helps us to maintain a long term working relationship with them. Further our approach has also helped us in expanding our present customer base.

6. Strong Clientele

Our Company generally deal on B2B basis and do not trade our products in general trading market. We generally manufacture cotton yarn on the basis of order received from our customers and provide tailor-made solution to them. Since inception, we have been focusing on catering to quality customers who are already established in the textile industry which leads to sustained revenue flow with large and bulk orders. We have been able to add more such customers in our basket due to the credibility which is added owing to presence of strong clients.

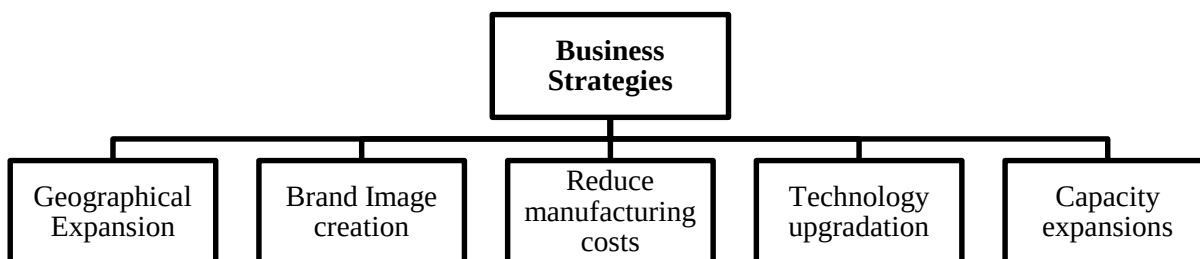
7. Surplus Land available

In 2011, our Company acquired a land measuring 1,50,000 sq. meters in Dahej, Gujarat for setting up our manufacturing facility. In 2014, we have installed 19,584 spindles and subsequently in 2017, we have installed further 19,584 spindles apart from 16 knitting machines. After these expansions, we have used approx. 1/3rd of the land acquired and we are currently left with 2/3rd of the total land area which is available for future expansions. With such large land bank already available, it will be easier for our Company to expand its operations.

OUR BUSINESS STRATEGY

Our vision is to meet the critical success factors of customers and provide superior service through clear, concise two-way communication. The goal is to build relationships through our flexibility to meet our customer's changing needs. Our Company is implementing a business strategy with the following key components. Our strategy will be to focus on capitalizing on our core strengths and expanding the operations of our business.

We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:



1. Geographical Expansion

We understand it is imperative to expand our customer base to grow organically in the business which we operate. For that, our Company has devised 2 most important route, firstly, maintain and continuous improvisation of the quality of yarn we manufacture, secondly, expanding our geographical reach to various places which will add new customers in our basket. By geographical expansion, in both the domestic and international markets, we will be in a position to continue adding new customers. Our locational advantage will be helpful in such expansions.

2. Brand image creation

We would continue to associate ourselves with renowned customers and execute orders to their utmost satisfaction. We are conscious about our brand image and intend to continue our brand building exercise by providing satisfactory services to the customers. Our business relationships have been riding factor for creation of brand image.

3. Reduce manufacturing costs

Raw material costs approx.74.75% of total manufacturing costs while costs such as power, fuel and freight forms another 10.10%. While raw material costs which consists of cotton bales are market linked and are beyond our control, we aim to strive to reduce our overhead costs. For this, we intend to initiate certain activities such as installation of solar panel, water harvesting among others which will ultimately help to curtail other manufacturing costs. We understand curtailing cost without compromise on quality is an important factor to be considered. We intend to improve efficiencies to achieve cost reductions and which will give us a competitive edge over our peers. We believe that this can be achieved through detailed analysis of our processes and continuous process improvement along with keeping pace with technology development.

4. Technology up-gradation

We continue to develop our technology systems to increase asset productivity, operating efficiencies and strengthen our competitive position. We believe that our in-house technology capabilities will continue to play a key role in effectively managing and expanding our operations, maintain strict operational and fiscal controls and continue to enhance customer service levels. We intend to continue to invest in our in-house technology capabilities to develop customized systems and processes to ensure effective management control.

5. Capacity expansions

Our Company acknowledges the importance of capacity expansions is imminent in textile industry and hence we have expanded our capacity from 19,584 spindles to 39,168 spindles apart from setting up knitting and TFO machines. We intend to continuously invest in capacity expansions as and when we see demand of our products exceeding the production quantity. We will be expanding our capacity in both the divisions, namely, Cotton yarn and Fabric division. With already available infrastructure facility, we will be in a sweeter position to expand our facility as we grow our business in coming years.

END USERS

We primarily manufacture cotton yarn using cotton bales from the local markets. The Company sells these yarns to both domestic and international markets majorly to renowned customers using our yarn for premium segment clothing.

We cater to foreign markets through our traders and agents. Further, we also sell extensively to domestic customers. Our end users are textile manufacturers and traders.

Apart from catering to outside customers, we also use our cotton yarn for in-house fabric manufacturing unit which manufactures fabric sheet as a value additive product.

SWOT ANALYSIS

Strengths:

- 1. Experienced management team** – Our Corporate promoter, Sumeet Industries Ltd, has an established track record in textile Industry for more than 2 decade. Further, our promoters are also experienced in the industry who are being supported by strong management team.
- 2. Surplus land available** – With the acquisition of large land in 2011, our Company stands to gain with the surplus land which will enable us to expand our operations at a comparatively faster way due to availability of infrastructure facility.

Weaknesses:

- 3. Capital intensive industry** – Textile manufacturing by its nature is a capital intensive industry which requires continuous expansions in order to grow its operations organically. Since the facilities generally are automotive and hence operate at around optimum capacity, therefore, to grow its operations continuous investment in capital is required.
- 4. Volatile cotton prices** – Cotton forms majority of overall manufacturing costs and the prices of cotton bales are highly volatile. Since margins are thin in textile business, any adverse movements may affect the overall profitability of the business.

Opportunities:

- 1. Government focus and incentives** – Textile being a job-generating industry, government has been increasing its focus ever since by providing various subsidies and industry favor policies. With such initiatives by government, textile industry is poised to grow.

2. **Increasing foreign demand** – India has been a major exporter of yarn and textile fabrics across the globe, due to the availability of quality raw material within the country. With expanding foreign demand, there lies an opportunity to grow the business presence organically.

Threats:

3. **Capital intensive industry** – It is an inherent requirement of textile industry to continuously invest in capital expansions with advanced and latest technologies to increase its production and revenue which causes funds constraints adversely hampering the business.
4. **Highly competitive arena** – Textile industry is century old business in India with presence of numerous small, unorganized and organized player which are established in the industry. This leads to tough competition among the players affecting the pricing power of any specific player.

COLLABORATIONS/TIE UPS/ JOINT VENTURE

As on date of this Draft Red Herring Prospectus, our Company has not entered into any collaboration / Tie Ups / Joint Ventures.

EXPORT AND EXPORT OBLIGATIONS

As on 31 March, 2018, our Company has following export obligations under EPCG scheme:

License No.	Date of issue	Export Obligation (In lakhs US \$)	Export Obligation Fulfilled (In lakhs US \$)	Duty Saved (Amount Rs. In Lakhs)	Export Obligation Period
5230012631	23.09.2013	23.60	10.14	243.51	6 Years
5230012962	26.11.2013	41.44	17.74	572.82	6 Years
5230013673	24.03.2014	3.34	4.56	46.11	6 Years
5230015925	16.01.2015	1.03	1.25	14.66	4 Years
5230016796	18.05.2015	1.37	2.84	19.24	4 Years
5230020828	24.05.2016	26.64	6.46	396.07	3 Years
5230021708	19.08.2016	36.72	-	556.09	6 Years
5230022406	26.10.2016	6.08	-	91.57	6 Years
Total		140.22	42.99	1,940.07	

CAPACITY AND CAPACITY UTILISATION

Product Name	Projected		
	2018-19	2019-20	2020-21
Cotton Yarn			
Installed Capacity (Units In Kg)	52,80,000	52,80,000	52,80,000
Actual Production (Units In Kg)	52,80,000	52,80,000	52,80,000
% of Utilization	100.00%	100.00%	100.00%
Knitted Fabrics			
Installed Capacity (Units In Kg)	19,80,000	19,80,000	19,80,000
Actual Production (Units In Kg)	19,80,000	19,80,000	19,80,000

Product Name	Projected		
	2018-19	2019-20	2020-21
% of Utilization	100.00%	100.00%	100.00%

Note: The projected utilized capacity cannot be determined exactly as the production quantity depends upon the type of count of the yarn ordered.

COMPETITION

Textiles being a large and global industry, we face competition from various domestic and international players. The Industry which we cater to is highly competitive, unorganized and fragmented with many small and medium-sized companies and entities and we compete with organized as well as unorganized sector on the basis of availability of product, product quality and product range.

Among listed companies, we face competition from Sintex Industries Ltd, Indo Count Ltd among others. Further, most of our competitors in the regional level are from the unorganized sector of the textile industry. Moreover, as we seek to diversify into new geographical areas we may face competition from existing players that have presence in respective markets. We intend to continue competing vigorously to capture more market share and manage our growth in an optimal way.

SALES & MARKETING

The efficiency of the marketing and sales network is critical to the success of our business. Our success lies in the strength of our relationship with the customers who have been associated with our Company. Our team through their relevant experience and good rapport with our customers due to the timely delivery of quality products has played an instrumental role in creating and expanding a work platform for our Company.

Our promoter Company and the individual promoters focus on establishing cordial relationship with the customers due to this we have been able to established relationship with number of textile mills, number of business houses and brokers dealing 100% cotton yarn and consistently receive repeated orders from them. The sales and marketing of Yarn is based on factors such as quality, easy availability and competitive pricing of the products.

MARKETING STRATEGY

Our Company intends to focus on following marketing strategies:

- Introducing new range of products
- Customer satisfaction
- Continuous follow-up with customers
- Develop new markets and customers

HUMAN RESOURCE

We believe that our employees are key contributors to the success of our business. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for the kind of business that we are engaged in. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled/ semi-skilled/ unskilled resources together with our management team have enabled us to implement our growth plans.

As on January 31, 2018, we have 170 employees on our payroll.

UTILITIES & INFRASTRUCTURE FACILITIES

Infrastructure	Our registered office, corporate office and manufacturing unit are well equipped with computer system, internet connectivity, other communication equipment, security and other facilities which are required for our business operations to function smoothly. Our manufacturing facilities are equipped with the requisite plant and machineries and other resources.
Utilities	Power: We meet our power requirements by purchasing the electricity from Dakshin Gujarat Vij Company Limited. We also have our own DG Sets. Water: We require water for humidification as well as drinking & sanitation purposes. We source our water requirements through municipality sources. Safety Precautions: Online fire detection system, water tank, fire extinguishers.

PLANT & MACHINERY

The following is the list of major machineries owned by our Company at the manufacturing facility:

Sr. No.	Machinery	Name of Vendor	Quantity
1	Blow Room	Lakshmi Machine Works	8
2	Carding Machines	Lakshmi Machine Works	22
3	Breaker Draw Frame	Lakshmi Machine Works	4
4	Lap Former	Lakshmi Machine Works	4
5	Combing	Lakshmi Machine Works	17
6	Finished Draw Frame	Lakshmi Machine Works	8
7	TFO Twister	J C	5
8	Speed Frame	Lakshmi Machine Works	8
9	Ring Frame	Lakshmi Machine Works	24
10	Link Coner	Savio, Italy	24

All the plant & machineries installed in the manufacturing facilities are new purchased by various supplies from both domestic and international markets.

INSURANCE DETAILS

Our Company has an insurance coverage which we consider reasonably sufficient to cover risks associated with our operations and which we believe is in accordance with the industry standards. We have taken Marine cargo, Standard fire and special perils at our manufacturing facilities. Our policies are subject to customary exclusions and customary deductibles. We believe that our insurance coverage is adequate for our business needs and operations. We will continue to review our policies to ensure adequate insurance coverage is maintained. We have following insurance policies:

Policy No.	Risk Covered	Sum Assured	Name of the Insurer	Policy Period	
				From	To
16032172429M 000001	Transportation of Goods	Rs. 10,050 Lakhs	Reliance General Insurance	Aug 24, 2017	Aug 23, 2018

0000000006889 717	Standard Fire and Special Perils	Rs. 15,310 Lakhs	SBI General Insurance	Aug 1, 2017	July 31, 2018

INTELLECTUAL PROPERTY RIGHTS

Our Company markets its products under the following trademarks as set out below:

Sr. No.	Trademark	Trade mark Type	Class	Applicant	Application No.	Date of Application	Validity/ Renewal	Registration status
1.		Device	23	Sumeet Poly Power Limited	2718971	April 16, 2014	April 16, 2024	Registered

Company confirms that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.

LAND AND PROPERTY

The details of our properties both lease owned and rented are as hereunder:

Leased Properties

Sr. No	Address of the Property	Area of the Property	Usage
1	Plot No. D-2/12/A/1, Dahej, Bharuch GIDC, Gujarat	1,50,000 sq. ft.	Manufacturing Facility

Rented Properties

Sr. No	Address of the Property	Owner	Lease Rent / License Fees	Period of Agreement		Usage
				From	To	
1.	504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road, Surat, Gujarat	Sumeet Industries Limited	Rs. 4,000 per month	21.11.2017	20.11.2024	Corporate & Registered Office

KEY INDUSTRY REGULATIONS AND POLICIES

Except as otherwise specified in this Draft Red Herring Prospectus, the Companies Act, 1956 / the Companies Act, 2013, we are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in business of manufacturer of cotton yarn industry. Taxation statutes such as the I.T. Act, and applicable Labour laws, environmental laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.

APPROVALS

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 293 of this Draft Red Herring Prospectus.

APPLICABLE LAWS AND REGULATIONS

BUSINESS/TRADE RELATED LAWS/REGULATIONS

Amended Technology Up Gradation Fund Scheme (ATUFS)

Ministry of Textiles, Government of India has notified Amended Technology Up Gradation Fund Scheme vide notification dated January 13, 2016. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as Companies which have acknowledgment of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSMEs units which will be as per ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs.30 Crore.

National Textile Policy – 2000 (“NTxP – 2000”)

The Government of India in November 2000 announced the National Textile Policy – 2000, thereby replacing the previous Textile Policy of 1985. Though it is to be noted that a revised national textile policy is in the framework stage, however the same is yet to be notified. The main objective of the NTxP – 2000 was to enable the industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. It aimed at achieving textiles and apparel exports of upto \$ 50 billion by 2010 from the present \$ 11 billion. The NTxP – 2000 took note of the new challenges and opportunities presented by the changing global environment, particularly the initiation of the process of gradual phasing out of quantitative restrictions on imports and the lowering of tariff levels for an integration of the world textile and clothing markets by the end of 2004.

The objectives of the NTxP – 2000 are:

- Facilitate the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing, to enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to

- encourage Foreign Direct Investment as well as research and development in the sector.
- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
 - Liberalise controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment enable the textile industry to build world class state-of-the-art manufacturing capabilities in conformity with environmental standards, and for this purpose to encourage both Foreign Direct Investment as well as research and development in the sector;
 - Develop a strong multi-fibre base with thrust on product upgradation and diversification;
 - Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
 - Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose to revitalize the Institutional structure;
 - Expand productive employment by enabling the growth of the textile industry, with particular effort directed to enhancing the benefits to the north east region;
 - Make Information Technology (IT), an integral part of the entire value chain of textile
 - Production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing and;
 - Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfilment of these objectives vide the NTxP – 2000 the Government has conveyed it's commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society.

The Textiles Committee Act, 1963

The Textiles Committee Act, 1963 ("TCA") was enacted in 1963. The textiles committee has been established under the TCA (hereinafter referred to as the "Textile Committee") with the primary objective of ensuring a standard quality of textiles both for domestic and export markets as well as standardization of the type of textile machinery used for production. The Textiles Committee's functions include, among others, the promotion of Indian textiles and textile exports, researching in technical and economic fields, establishing standards for Indian textiles and textile machinery, setting up of laboratories, and data collection. Additionally, the Textile Committee regulates the imposition of cess on textile and textile machinery that is manufactured in India under the Textiles Committee Act. The Additional Duties of Excise (Textiles and Textile Articles) Act, 1978 prescribes and provides for the levy and collection of an additional excise duty on certain textiles and textile articles.

The Micro, Small and Medium Enterprises Development Act, 2006

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the Micro, Small and Medium Enterprises Development Act, 2006 is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951 as "micro enterprise", where the investment in plant and machinery does not exceed twenty-five lakh rupees; "Small enterprise", where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or a medium enterprise, where the investment in plant and machinery is more than five crore but does not exceed ten crore rupees and in the case of the enterprise engaged in the services, "Micro – enterprise", where the investment in equipment does not exceed ten lakh rupees, "Small Enterprise" where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, or "Medium Enterprise" where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

Industrial Policy of Relevant State

The Gujarat Industrial Policy 2015

Gujarat has witnessed strong growth in Micro, Small & Medium Enterprises (MSMEs) sector which covers the medium sector of Gujarat. MSME sector has a special importance as this is the sector which belongs to common man. Gujarat Government wishes to strengthen the sector by making it more technology-driven. This type of support will come by way of interest subsidy for manufacturing and service sector, venture capital assistance, quality certification, technology acquisition fund, patent assistance for national and international, energy and water conservation audit, market development assistance and support, MSMEs for credit rating, raising capital through MSE exchange, reimbursement of CGTSME scheme for collateral free loan, state awards under MSMEs and skill development etc. Support would also be extended for development of ancillary and auxiliary enterprises for labour intensive industries.

The Government of Gujarat, will constitute separate awards for MSMEs. The awards will be for achieving excellence through growth and production profit, quality improvement measures, Environment improvement measures and Innovation and new product/process/technology development. The policy encourages adoption of new and innovative technologies by providing financial support will be provided to each cluster for every innovative technology, setting up R&D Institutions, setting new laboratories, financial support through partial reimbursement of cost for filing domestic patents and international patents.

Gujarat government shall be taking market development initiatives with the intention of giving enhanced visibility to local produce from large industries and specifically from MSMEs. Government of Gujarat stresses on “Zero Defect” to produce globally-competitive, locally manufactured goods. One of the expansive marketing practices around the globe is participation in international and domestic trade fairs to show one’s products or wares. Government of Gujarat will make market credit available to MSMEs.

Quality improvement is strongly envisaged in the new industrial policy. The assistance will be granted by national (approved by quality council of India) and international certification. The policy also intends to encourage use of enterprise resources planning system (ERP) for MSMEs. Government of Gujarat also provides assistance for raising capital through SME exchange on one-time basis.

Gujarat Textile Policy, 2012

With the object of continuing leadership position in textile sector, State Government of Gujarat issued Gujarat Textile Policy, 2012. The state government wants to strengthen entire value chain for overall growth of textile sector in the State of Gujarat. Eligible entities will be provided various incentives under the different schemes under the policy.

Major schemes under the policy are as follows:

- **Interest Subsidy Scheme:**

An maximum interest subsidy of 5% (7% on spinning unit and garment/made-ups unit spinning) has been provided on new plant and machinery, without ceiling, for weaving, knitting, machine carpeting and other textile related activities, also on second hand imported weaving (power loom) with certain conditions, for the period of 5 years. Interest subsidy of 5 per cent on new plant and machinery, without ceiling, for weaving, knitting, machine carpeting and other textile related activities, also on second hand imported weaving (power loom) with certain conditions, for the period of 5 years.

- **Special Concession in Power tariff**

Power Tariff subsidy of @ Rs. 1 per unit in the billed amount of the utility for the units available for a period of five years as promotional initiative for cotton spinning and industries with or without preparatory in State of Gujarat.

- **VAT Concession**

Eligible units will also be entitled to refund of VAT paid on purchase of raw materials and remission of VAT/CST collected on final/intermediate product within entire value chain to the extent of 100% of the eligible fixed capital investments in plant and machinery within one year.

- **100% Foreign Direct Investment (FDI) in the Textile Sector**

The Indian Government has allowed foreign equity investment up to 100%, through automatic route, in the textile sector. Indian manufacturing companies are allowed 100% FDI to carry out wholesale trading on “a cash and carry basis” and also export trading through the automatic route, without seeking prior Government approval.

- **Export Promotion Capital Goods (EPCG) Scheme**

The EPCG scheme facilitates import of capital goods at 3% concessional rate of duty with appropriate export obligation.

- **Advance Licensing Scheme (Advance Authorisation Scheme)**

With a view to facilitate exports and to access duty-free inputs under the Advance Licensing Scheme, standard input-output norms for approximately 300 textiles and clothing export products have been prescribed.

- **Duty Drawback Scheme**

Indian exporters are allowed a refund of the excise and import duty incurred on raw materials under the Duty Drawback Scheme so as to make Indian textile products more competitive in the international market.

- **Scheme for Integrated Textile Parks**

In 2005, during the Tenth Five Year Plan, the Government sponsored “Scheme for Integrated Textile Parks (“SITP”) was launched, by merging the two previously existing schemes namely, the Scheme for Apparel Parks for Exports and the Textile Centre Infrastructure Development Scheme. SITP is intended to provide the Indian textile industry with world-class infrastructure facilities for setting up textile units and to facilitate textile units to meet international standards and social standards. The SITP is now co-terminus with the Eleventh Five Year Plan (i.e. 2007-2012) and is continued in the twelfth Five Year Plan (i.e. 2012-17). The state government under the scheme, shall *inter alia*, provide requisite clearances, assistance in identification and procurement of suitable land, and participate in projects, by way of subscribing to equity of special purpose vehicles through various state government agencies. During the Tenth Five Year Plan, 30 textiles park projects were approved. Locations of these projects are: Andhra Pradesh-4, Gujrat-7, Maharastra-6, Tamil Nadu-6, Rajasthan-4, Karnataka-1, Punjab-1 and West Bengal-1.

Cotton Control Order, 1986

The Cotton (Control) Order, 1986 (“Cotton Order”) prescribes the maximum quantity of cotton that may be possessed by a manufacturer, a cotton ginning factory, a cotton pressing factory, a cotton ginning and pressing factory and a person (other than a member of a Hindu Undivided Family growing cotton). The Cotton Order establishes the office of the Textile Commissioner as the regulator there under. The Cotton Order further specifies the quality standards that have to be met while picking cotton for the purposes of export and domestic consumption as well as the markings that have to be made on the cotton bale before marketing of the same.

Export Promotion Capital Goods Scheme (EPCG Scheme)

To facilitate import of capital goods for producing quality goods and services to enhance India’s export competitiveness. EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Also covers a service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT.

The EPCG Scheme allows import of capital goods for pre-production, production and post production at 5% customs duty subject to an export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of the license. The EPCG Scheme covers manufacturer, exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers. Capital goods would be allowed at 0% duty for exports of agricultural products and their value added variants. However, in respect of EPCG licenses with a duty saved of Rs.100 crore or more, the same export obligation shall be required to be fulfilled over a period of 12 years.

Advance Authorization Scheme

Advance Authorization Scheme is a duty exemption scheme issued to allow duty free import of inputs, which are physically incorporated in export product (making normal allowance for wastage). In addition, fuel, oil, energy, catalysts which are consumed / utilized to obtain export product, may also be allowed. The DGFT, by means of Public Notice, may exclude any product(s) from the purview of Advance Authorization. Advance Authorizations are exempted from payment of basic customs duty, additional customs duty, education cess, antidumping duty and safeguard duty, if any. The facility of Advance Authorization shall also be available where some or all inputs are supplied free of cost to exporter by foreign buyer.

Anti-Trust Laws

Competition Act, 2002

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to Rs. 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

GENERAL CORPORATE COMPLIANCE

The Companies Act 1956 and the Companies Act, 2013

The consolidation and amendment in the law relating to the Companies Act, 1956 made way to the enactment of the Companies Act, 2013. The Companies Act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One-Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

Further, Schedule V (read with sections 196 and 197), Part I lays down the conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides the list of acts under which if a person is prosecuted, he cannot be appointed as the director or Managing Director or Manager

of the firm. The provisions relating to remuneration of the director's payable by the companies is under Part II of the said schedule.

EMPLOYMENT AND LABOUR LAWS

Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA")

The Contract Labour (Regulation and Abolition) Act, 1970 has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPF Act") and the Employees Provident Fund Scheme, 1952

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

Employees Deposit Linked Insurance Scheme, 1976

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

The Employees Pension Scheme, 1995

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of the joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

Employees' State Insurance Act, 1948 (the "ESI Act")

It is an act to provide for certain benefits to employees in case of sickness, maternity and ‘employment injury’ and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government) other than seasonal factories. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

Payment of Gratuity Act, 1972

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf.. A shop or establishment to which this act has become applicable shall be continued to be governed by this act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five-year period shall be relaxed in case of termination of service due to death or disablement.

Minimum Wages Act, 1948 (“MWA”)

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961 provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months’ notice shall apply any of the provisions of this act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

Equal Remuneration Act, 1979

The Equal Remuneration Act 1979 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against female employees in the

matters of employment and for matters connected therewith. The act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

Child Labour Prohibition and Regulation Act, 1986

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

In order to curb the rise in sexual harassment of women at workplace, this act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an “Internal Complaints Committee” and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months. Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also, a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed at its expiry. The Act levies some duties on the principal employer and the contractor. The contractor has to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

Industrial Disputes Act, 1947 (“ID Act”) and Industrial Dispute (Central) Rules, 1957The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the

Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment.

TAX RELATED LEGISLATIONS

Value Added Tax (“VAT”)

VAT is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons Liabile to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

Gujarat Value Added Tax Act, 2003 (“GVAT”)

Gujarat Value Added Tax, 2003 (GVAT Act) is made effective in the state of Gujarat from 1st April, 2006. On its implementation following Acts are repealed.

- The Gujarat Sales Tax Act, 1969,
- The Bombay Sales of Motor Spirit Taxation Act, 1958,
- The Purchase Tax on Sugarcane Act, 1989.

However, provisions relating to pending assessment, appeals, recovery etc., under the above Acts will survive. The basic requirement of charging tax under GVAT Act is that where any sale in the course of business is affected, in the State of Gujarat, VAT is payable under GVAT Act. Transactions made in the course of business only are covered under the GVAT Act.

Gujarat State Tax on Profession, Trades, Callings and Employment Act, 1976 and the Gujarat State Tax On Professions Traders, Callings And Employments Rules, 1976

Professional tax in Gujarat is governed by the Gujarat Panchayats, Municipalities, Municipal Corporation and State Tax on Professions, Traders, Callings and Employment Act, 1976 and rules of 1976. All registered partnership firms, all factory owners, all shops or establishment owners (if the shop has employed on an average five employees per day during the year), all businesses covered under the definition of ‘dealer’ defined in the Gujarat Value Added Tax Act, 2003 whose annual turnover is more than Rs. 2.50 lakhs, all transport permit holders, money lenders, petrol pump owners, all limited companies, all banks, all district or state level co-operative societies, estate agents, brokers, building contractors, video parlors, video libraries, members of associations registered under Forward Contract Act, members of stock exchange, other professionals, like legal consultants, solicitors, doctors, insurance agents, etc are covered under this Act. It is duty of the employers to deduct tax from the person earning any salary/wage in the organisation. For the purpose of this act, employer means in relation to an employee earning any salary or wages on regular basis under him, means the person or the officer who is responsible for disbursement of such salary or wages, and includes the head of the office or any establishment as well as the manager of agent of the employer.

Monthly Salary	Amount payable in Gujarat
Less than Rs. 5999	Nil
Rs. 6000 to Rs. 8999	Rs. 80 per month
Rs. 9000 to Rs. 11999	Rs. 150 per month
Rs. 12000 & above	Rs. 200 per month

Service Tax

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of 'taxable services', as specified in entry 39 defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5th / 6th of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25th of the month immediately following the half year to which the return relates.

Central Sales Tax Act, 1956 ("CST")

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) when a sale or purchase takes place outside a State (c) when a sale or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State Laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

The Central Excise Act, 1944

The Central Excise Act, 1944 ("Central Excise Act") consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

Goods and Service Tax (GST)

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by Centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination-based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be Rs. 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto Rs. 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates,

0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition, a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central/State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen-digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assessee are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

OTHER LAWS

The Factories Act, 1948 (“Factories Act”)

The Factories Act, 1948 aims at regulating labour employed in factories. A “factory” is defined as “any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...”. The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the “occupier”, being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

Shops and establishments laws in various states

Under the provisions of local Shops and Establishments laws applicable in various states, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

ENVIRONMENTAL LEGISLATIONS

The Environment Protection Act, 1986 (“Environment Protection Act”)

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state

authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to (a) prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

The Air Act was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Air Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Air Act, if a person intends to commence an industrial plant in a pollution control area.

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

The Water Act was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Water Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Water Act.

Hazardous Waste (Management and Handling) Rules, 1989 (“Hazardous Waste Rules”)

The Hazardous Waste Rules, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

The Public Liability Insurance Act, 1991

This Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

National Environmental Policy, 2006

This Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. This policy was prepared through an intensive process of consultation within the Government and inputs from experts. It does not displace but builds on the earlier policies. It is a statement of India's commitment to making a positive contribution to international efforts. This is a response to our national commitment to a clean environment, mandated in the Constitution in Articles 48 A and 51 A (g), strengthened by judicial interpretation of Article 21. The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on

particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource. Following are the objectives of the National Environmental Policy:

- Conservation of Critical Environmental Resources
- Intra-generational Equity: Livelihood Security for the Poor
- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of resources for Environmental Conservation

INTELLECTUAL PROPERTY LEGISLATIONS

In general, the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trade Marks Act, 1999

Indian Patents Act, 1970

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

The Copyright Act, 1957

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

Trade Marks Act, 1999 (“TM Act”)

The Trade Marks Act, 1999 provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The TM Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

GENERAL LAWS

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the company.

OTHER LAWS:

Foreign Exchange Management Act, 1999 (“FEMA”)

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“FEMA”) and the rules and regulations promulgated there under. FEMA aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom FEMA applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration

in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

FEMA Regulations

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

THE FOREIGN DIRECT INVESTMENT

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("**FDI**") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), has issued consolidated FDI Policy Circular of 2017 ("**FDI Policy 2017**"), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India ("**RBI**") also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore, applicable foreign investment up to 100% is permitted in our company under automatic route.



OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

CORPORATE PROFILE AND BRIEF HISTORY

Our Company was originally incorporated as “**Sumeet Poly Power Limited**” at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to “**Sumicot Limited**” pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017 for the purpose of *Corporate Rebranding*. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

Shankarlal Somani, Rakesh Somani, Manish Somani, Mahesh Somani, Rajkumar Somani, Sumeet Somani and Sushil Somani were the initial subscribers to the Memorandum of Association of our Company. For further information, please refer to the chapter titled “*Capital Structure*” on page 89 of this Draft Red Herring Prospectus.

Rakesh Somani and Rajkumar Somani are the individual promoters and Akashganga Processors Private Limited, Betex India Limited and Rangila Fabrics Private Limited are the Corporate Promoters of our Company. Our current promoters were first associated with our Company as below:

Promoters	Association
Rakesh Somani	First acquired shares on November 23, 2010 pursuant to subscription to MOA
Rajkumar Somani	First acquired shares on November 23, 2010 pursuant to subscription to MOA
Akashganga Processors Private Limited	First acquired shares on January 08, 2014 pursuant to further allotment
Betex India Limited	First acquired shares on March 18, 2013 pursuant to further allotment
Rangila Fabrics Private limited	First acquired shares on March 18, 2013 pursuant to further allotment

Our Company is engaged in manufacturing of Cotton yarn and fabrics. For information of our Company’s profile, activities, market, product etc. market of each segment, capacity built-up, exports and profits due to foreign operations together with country wise analysis, standing of our Company in comparison with prominent competitors, with reference to its products, management, managerial competence, technology, market, major suppliers and customers, environmental issues, geographical segment, etc. wherever applicable, please refer to chapters titled “*Our Business*”, “*Financial Statements as Restated*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*”, “*Government and Other Statutory Approvals*” beginning on page 140, 209, 251 and 293 respectively of this Draft Red Herring Prospectus.

CHANGES IN OUR REGISTERED OFFICE:

Since Incorporation, registered office of our Company is situated at 504, Trividh Chamber Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India.

KEY EVENTS AND MILESTONES

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

YEAR	EVENTS
2010	Incorporation of our Company as “Sumeet Poly Power Limited” pursuant to Certificate of Incorporation dated November 25, 2010

YEAR	EVENTS
	Certificate of Commencement of Business dated December 08, 2010
2011	Acquisition of land admeasuring 1,50,000 Sq. Meters for establishing manufacturing unit situated at Plot No D – 2/12/A/1, Dahej – II Industrial Estate, GIDC – Dahej, Bharuch, Vadodara, Gujarat via allotment letter of GIDC dated May 20, 2011.
2014	Setting up of new project costing around 74.88 Crores
2015	Certified as an ISO 9001: 2008 Company
2016	Expansion of Cotton Spinning Plant
2018	Change in the Name of the Company to “ Sumicot limited ” pursuant to Certificate of Incorporation dated February 08, 2018

MAIN OBJECTS OF OUR COMPANY

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. “To Carry on in India or elsewhere the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as agent broker, representative, consultant, collaborator, or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of thermal power plants, hydraulic power plants, wind power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future.
2. To Construct laydown, establish, promote, erect, build, install, commission, carry out and all necessary power sub-stations, workshops, repair, wires, cables, transmission lines, accumulators, streetlights for the purpose of conservation and supply of electricity to participant-public and other purposes and also to provide regular services for repairing and maintenance of all distribution and supply lines.
3. To acquire concessions, facilities or licenses from Electricity Boards, Government, Semi government a local authorities for generation, distribution, production, transmission or use of electric power and to take over along with all movable and immovable properties the existing facilities on mutually agreed terms from aforesaid authorities and to do all incidental acts and things necessary for the attainment of the foregoing objects.
4. To Carry on the business of manufacturers, moulders, producers, extruders, weavers, refiners, fabricators, assemblers, job worker, suppliers, processors, stitches, laminators, sealers, stockiest, importer, exporter and dealers in all classes, kinds, type and nature of Polyester Films, BOPP Films, CP Films, PET Films, DMT PTA, Metalized, Laminated, Lacquered Films, Metallic Yarn, Zari Kasab, Kalabattu, Polyester Yarn, Polyester Chips including CPP, Plastic materials, plastic articles including but without limiting the generality of the foregoing, polymer sun films, polymer production line, LDPE-HDPE-I-IM, MD-PPE-multi-air, monolair plastic films, packing materials and packages made of whatever materials/substances and compounds including paper, jute, cotton, rubber, plastic, glass board and wood, intermediates, derivatives, bye-products and substitutes of all or any of them.
5. To carry on the business of exporters, importers, buyers, sellers, manufacturers, producers, buying agent, selling agent, commission agent, factors, distributors, stockiest agent, traders, supplier, dealers, manufacturer twister, texturisers, crimpers, processors, spinners, doublers, weavers, ginner, balers of industrial fabric, synthetic yarn, synthetic fabrics, cotton, wool, silk, yarn, flex, hemp, twine of all kinds of whatsoever description like art silk, nylon, polyester, acrylic, viscose, poly propylene, tarelene, linen, canvas and all other kinds of fibrous materials or substances and to act as job workers or undertake all activities of value addition to any textile products including embroidery, stitching, designing, dyeing, painting, printing of grey, cloth, yarn, threads, fibers.

6. To carry on the business of manufacturers , producers, processors, importers, exporters, buyers, sellers of and dealers in all kinds of fibers, fabrics and textile and hosiery goods, prepared or manufactured from cotton, wool, worsted, shoddy, silk, jute, ramie, hemp, linen, viscose, rayon, artificial and natural yarn, fiber and converters of synthetic, artificial and natural fibers including fiber glass or their wastes or waste products into materials like cloth, readymade garments, made ups, ropes, tapes, yarns, hosiery goods, dress makers, furriers, clothier and outfitter.”

AMENDMENTS TO THE MOA OF OUR COMPANY SINCE INCORPORATION

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

DATE OF AGM / EGM	CHANGES
December 09, 2010	Alteration in the Object Clause of MOA; as new Clauses III (A) (4) and (5) were added in the MOA after the Clause III (A) (3) pursuant to Certificate Of Registration of the Special Resolution confirming alteration of Object clause(s), dated December 16, 2010
March 11, 2013	Increase of Authorised Share Capital from Rs. 10,00,000 Consisting of 1,00,000 Equity Shares of Rs.10/- each to Rs. 2,50,00,000 Consisting of 25,00,000 Equity Shares of Rs.10/- each.
January 03, 2014	Increase of Authorised Share Capital from Rs. 2,50,00,000 Consisting of 25,00,000 Equity Shares of Rs.10/- each to Rs. 7,50,00,000 Consisting of 75,00,000 Equity Shares of Rs.10/- each.
March 14, 2016	Increase of Authorised Share Capital from Rs. 7,50,00,000 Consisting of 75,00,000 Equity Shares of Rs.10/- each to Rs. 8,75,00,000 Consisting of 87,50,000 Equity Shares of Rs.10/- each.
December 14, 2017	Change in the name of Company from “ Sumeet Poly Power Limited ” to “ Sumicot Limited ” pursuant to Fresh Certificate Of Incorporation dated February 08, 2018
February 19, 2018	Increase of Authorised Share Capital from Rs. 8,75,00,000 Consisting of 87,50,000 Equity Shares of Rs.10/- each to Rs. 16,00,00,000 Consisting of 1,60,00,000 Equity Shares of Rs.10/- each.

COUNTRYWISE EXPORT SALES FOR PERIOD ENDED DECEMBER 31, 2017

(Amount in Rs. Lakhs)

Particulars	For the period ended 31 st Dec, 2017
Pakistan	857.99
Egypt	370.54
Portugal	66.79
Turkey	60.64
Total	1,355.96

Note: The export sales are made through merchant traders in India and are not direct sales. Hence, the export sales are deemed exports.

OUR HOLDING / SUBSIDIARY COMPANY

Our Company neither has holding Company nor any Subsidiary Company as on date of filing of this Draft Red Herring Prospectus.

CAPITAL RAISING ACTIVITIES THROUGH EQUITY OR DEBT

For details in relation to our capital raising activities through equity and debt, please refer to the chapters titled “*Financial Statements as Restated*” and “*Capital Structure*” beginning on page 209 and 89, respectively, of this Draft Red Herring Prospectus.

REVALUATION OF ASSETS

Our Company has revalued its assets in 2016-17 but has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

CHANGES IN THE ACTIVITIES OF OUR COMPANY IN THE LAST FIVE YEARS

There has been no change in the activities being carried out by our Company in the last five years.

INJUNCTIONS OR RESTRAINING ORDERS

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

MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

There has been no merger or acquisition of businesses or undertakings in the history of our Company.

SHAREHOLDERS' AGREEMENTS

Our Company has not entered into any shareholders agreement as on date of filing of this Draft Red Herring Prospectus

OTHER AGREEMENTS

Our Company has not entered into any agreements / arrangements except under normal course of business of the Company, as on date of filing of this Draft Red Herring Prospectus.

STRIKES AND LOCK-OUTS

There have been no strikes or lockouts in our Company since incorporation.

TIME AND COST OVERRUNS IN SETTING UP PROJECTS

As on the date of this Draft Red Herring Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

STRATEGIC PARTNERS

Our Company does not have any strategic partner(s) as on the date of this Draft Red Herring Prospectus.

CONVERSION OF LOANS INTO EQUITY SHARES

There has been no incident of conversion of loans availed from financial institutions and banks into Equity Shares as on the date of this Draft Red Herring Prospectus.

FINANCIAL PARTNERS

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

DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS / BANKS

There have been no defaults or rescheduling of borrowings with any financial institutions / banks as on the date of this Draft Red Herring Prospectus.

NUMBER OF SHAREHOLDERS

Our Company has 18 (eighteen) shareholders as on date of this Draft Red Herring Prospectus.

OUR MANAGEMENT

BOARD OF DIRECTORS

Under our Articles of Association, Our Company is required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act, 2013. Our Company currently has six (6) directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Other Directorship
1.	Name: Rakesh Somani Age: 34 years Father's Name: Rajkumar Somani Designation: Managing Director Address: 37, Sangam Society, Citylight Road, Surat - 395007, Gujarat, India. Occupation: Business Nationality: Indian Date of appointment/last reappointment / re designation and terms – Appointed as Managing Director w.e.f December 15, 2017 for Five (5) years subject to liable to retire by rotation. DIN: 00274613	Public Limited Company: NIL Private Limited Company: 1. Bhoomeka Processors Private Limited 2. Akashganga Processors Private Limited. 3. Rakesh Industries Private Limited 4. Mind Spring Landmarks Private Limited 5. Global Denims Private Limited Limited Liability Partnership: NIL
2.	Name: Rajkumar Somani Age: 58 years Father's Name: Sitaram Somani Designation: Non - Executive Director Address: 37, Sangam Society, Citylight Road, Surat - 395007, Gujarat, India Occupation: Business Nationality: Indian Date of appointment/last reappointment / re designation and terms – Designated as Non-Executive Director on April 2, 2018 for Five (5) years DIN: 00254038	Public Limited Company: 1. Betex India Limited Private Limited Company: 1. Bhoomeka Processors Private Limited 2. Rakesh Industries Private Limited 3. Sumeet Silk Processors Private Limited 4. Akashganga Processors Private Limited 5. Mind Spring Landmarks Private Limited 6. Survika Vinimay Private Limited 7. Rangila Fabrics Private Limited

Sr No.	Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Other Directorship
		Limited Liability Partnership: NIL
3.	Name: Sumeet Somani Age: 37 years Father's Name: Shankarlal Somani Designation: Non-Executive Director Address: 12, Keshav Park Society, near maskati plot, Parle Point, Athwalines, Surat - 395007, Gujarat, India Occupation: Business Nationality: Indian Date of appointment/last reappointment / re designation and terms – Designated as Non-Executive Director on April 2, 2018 for Five (5) years DIN: 00318156	Public Limited Company: 1. Sumeet Industries Limited Private Limited Company 1. Somani Overseas Private Limited 2. Sumeet Menthol Private Limited 3. Varsha Dyeing and Printing Mills Private Limited 4. Sitaram Prints Private Limited 5. Vareli Vankaneda Infrastructure Private Limited 6. Inherent Computers Private Limited Limited Liability Partnership: NIL
4.	Name: Harmil Shah Age: 31 years Father's Name: Jatinbhai Shah Designation: Independent Director Address: 404, Amizara Apartment, Near Tennis Club, Athwa lines, Surat -395001, Gujarat, India Occupation: Business Nationality: Indian Date of appointment/last reappointment /re-designation and terms - Appointment as Independent Director w.e.f February 19,2018 for Three (3) years DIN: 06797445	Private Limited Company - NIL Public Limited Company: 1. Mohit Industries Limited 2. Mask Investments Limited Limited Liability Partnership: NIL
5.	Name: Sandhya Jain Age: 34 years Father's Name: Inder Chand Jain Designation: Independent Director Address: Flat no 3, 3rd Floor, Derani Jethani Apartment, Kailash Nagar, Surat-395002, Gujarat, India	Public Limited Company: NIL Private Limited Company 1.Kalka Advisory Services Private Limited Limited Liability Partnership: NIL

Sr • N o.	Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Other Directorship
	Occupation: Professional Nationality: Indian Date of appointment /last reappointment /re-designation and terms - Appointment as Independent Director w.e.f February 19,2018 for Three (3) years DIN: 03549808	
6.	Name: Sonam Pitliya Age: 29 years Father's Name: Chandra Prakash Jain Designation: Independent Director Address: C - 402, Jolly Residency, Near Aagam Arcade, Vesu, Surat -395007, Gujarat, India Occupation: Professional Nationality: Indian Date of appointment /last reappointment /re-designation and terms - Appointment as Independent Director w.e.f February 19,2018 for Three (3) years DIN: 07983107	Public Limited Company – • Nil Private Limited Company – • Nil Limited Liability Partnership: • Nil

BRIEF BIOGRAPHIES OF OUR DIRECTORS

Rakesh Somani

Rakesh Somani, aged 34 years, is the **Promoter** and **Managing Director** of our Company. He has been associated with the Company since its inception. He was appointed as first director of our Company on November 25, 2010 and designated as Managing Director w.e.f. December 15, 2017 for Five (5) years and subject to liable to retire by rotation. He has completed Diploma Program in International Business along with internship from University of California, Berkeley in the year 2007. He has an experience of more than 7 Years in textile Industry. He is involved in day to day business operations and entrusted with the responsibility of looking after the overall management of the Company.

Rajkumar Somani

Rajkumar Somani, aged 58 years, is the Promoter and Non- Executive director of our Company. He has been associated with the Company since March 02, 2013 and designated as Non-Executive director w.e.f. April 2, 2018 for Five (5) years. He has completed his Bachelors of commerce from Shri Kalyan College affiliated to Rajasthan University, Jaipur. He has an experience of more than two decades in the industry in which our Company operates. He started his career with Sumeet Industries Limited by way of association as director from year 1988. Currently, he is Whole Time director of Betex India Limited (Listed Company on BSE Limited) along with other directorship in seven (7) Private Limited Companies. He is guiding force behind all the strategic decisions.

Sumeet Somani

Sumeet Somani, aged 37 years, is the Non - Executive director of our Company. He has been associated with the Company since March 02, 2013 and designated as Non - Executive director w.e.f. April 2, 2018 for Five (5) years. He has completed his Bachelors of commerce from South Gujarat University and Masters of commerce from Veer Narmad South Gujarat University. Further, he has completed Post Graduate Diploma in Management (Family managed business) from S. P. Jain Institute of Management & Research, Mumbai. He has an experience of more than 15 Years in Textile Industry. Currently, he is Managing Director of Sumeet Industries Limited (Listed on BSE Limited and National stock exchange of India limited) along with other directorship in six (6) Private Limited Companies. He looks after supervision of operations of the company.

Harmil Shah

Harmil Shah, aged 31 years, is the Independent Director of our company. He was appointed on February 19, 2018 for a period of Three years. He has completed his, Bachelors of Business Administration (BBA) from Sikkim – Manipal University of Health, Medical & Technological Sciences and Master of Sciences in International Business and Management from University of Bedfordshire, Luton, United Kingdom. He has an experience of more than 7 years of working experience in different avenues.

Sandhya Jain

Sandhya Jain, aged 34 years, is the Independent Director of our company. She was appointed on February 19, 2018 for a period of Three years. She has completed her Bachelors of Commerce from University of Bikaner. She is Chartered Accountant by profession and completed practical training in Information Systems Audit (ISA) Assessment Test conducted by the Institute of Chartered Accountants of India (ICAI). She has Expertise in the field Statutory Audits, System Audit, Tax Audits, Income Tax Proceeding's and various Assignments of Bank having experience of almost Ten (10) years.

Sonam Pitliya

Sonam Pitliya, aged 29 years, is the Independent Director of our company. She was appointed on February 19, 2018 for a period of Three years. She is Chartered Accountant by profession registered with the Institute of Chartered Accountants of India (ICAI). She has more than 4 Years of experience in the field of Statutory Audits, Tax Audits and Accounting.

CONFIRMATIONS

As on the date of this Draft Red Herring Prospectus:

1. Except as mention below, None of the Directors of the Company are related to each other as per section 2(77) of the Companies Act, 2013

Director	Other Director	Relation
Rakesh Somani	Rajkumar Somani	Son - Father

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of the above mentioned Directors are on the RBI List of willful defaulters.
5. Further, none of our Directors are or were directors of any company whose shares were (a) Suspended from trading by stock exchange(s) or (b) Delisted from the stock exchanges during the term of their directorship in such companies, In preceding five years from the date of filing of Draft Red Herring Prospectus.

6. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as 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 SEBI or any other regulatory authority.

REMUNERATION/COMPENSATION PAID TO DIRECTORS

Except as mentioned below, no other current Directors have received remuneration during the period ended on December 31, 2017.

Name of the Directors	Amount (in Lakhs)
Rakesh Somani	13.50

Compensation to our Managing Director

We have not entered into any service agreement with our Managing Director providing for benefits upon termination of employment. However, the compensation payable to our Managing Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013 the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with schedule V to the Companies Act, 2013 and Articles of Association of the Company.

Terms and conditions of employment of our Managing Director:

1. Rakesh Somani, Promoter

Rakesh Somani, aged 34 years, is the **Promoter** and **Managing Director** of our Company. He has been associated with the Company since its inception. He was appointed as first director of our Company on November 25, 2010 and designated as Managing Director w.e.f. December 15, 2017 for Five (5) years and subject to liable to retire by rotation. The terms and conditions of his employment are as follows:

Remuneration	Rs. 1.00 Lakhs per month subject to maximum of Rs. 1.50 Lakhs p.m.
Term of appointment	Five Years from
Perquisites	1. Rent-free residential accommodation (furnished or otherwise) with the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation or house rent and maintenance allowance (in case residential accommodation is not provided by the Company) of 60% of the salary per annum or such other suitable amount as may be decided by the Board of Directors. 2. Reimbursement of hospitalization and actual medical expenses incurred as per the rules of the Company (this includes mediclaim insurance premium). 3. Car facility and telecommunication facility as per the rules of the Company. 4. Reimbursement of actual travelling expenses for proceeding on leave once in a year in respect of self and family. 5. Reimbursement of membership fess subject to maximum of two clubs, including admission and life membership fees. 6. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company. 7. Payment of premium in respect of personal accident policy which shall not exceed 1,00,000/- per annum.

	8. Leave as per Company's rules. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisite. 9. Reimbursement of entertainment expenses, travelling and all other expenses, actually and properly incurred for the purpose of the Company's business. 10. No sitting fees shall be paid for attending the meeting of the Board of Directors of Committee thereof.

Terms and conditions of employment of our Non-Executive and Independent Directors

Non-Executive Directors and Independent Directors of the Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

OTHER CONFIRMATIONS

As on the date on this Draft Red Herring Prospectus:

1. There is no contingent or deferred compensation payable to any Director, Managing Director which has accrued for this year and payable in current or any future period.
2. No compensation was paid to any Director pursuant to bonus or profit sharing plan.

SHAREHOLDING OF DIRECTORS IN THE COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. Except as stated below no other directors have shareholding of our Company

The following table details the shareholding of our Directors as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of the Director	No. of Equity Shares	% of Pre Issue Equity Share Capital	% of Post Issue Equity Share Capital
1.	Rajkumar Somani	1,82,000	2.10%	[●]
2.	Rakesh Somani	61,000	0.70%	[●]
3.	Sumeet Somani	1,000	0.01%	[●]

INTERESTS OF DIRECTORS

Interest in promotion of our Company

Some of our Directors may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by them and also to the extent of any dividend payable to them, if any and other distributions in respect of the aforesaid Equity Shares. For further details, refer to chapter titled "Related Party Transactions" beginning on page 207 of this Draft Red Herring Prospectus.

Interest in the property of our Company

Our Directors do not have any other interest in any property acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or proposed to be acquired by us as on date of filing of this Draft Red Herring Prospectus.

Interest as member of our Company

As on date of this Draft Red Herring Prospectus, our Directors together hold 2,44,000 Equity Shares in our Company i.e. 2.81% of the pre issue paid up equity share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding and the dividend declared and other distributions, if any, by our Company.

Interest as a Creditor of our Company



As on the date of this Draft Red Herring Prospectus, except as stated in the chapter titled “Financial Indebtedness” and heading titled “Related Party Transactions” under chapter titled “Financial Statements as Restated” our Company has not availed loans from Directors of our Company.

Interest as Director of our Company

Except as stated above and in the chapters titled “*Financial Statements as Restated*” and “*Capital Structure*” beginning on pages 209 and 89 respectively of this Draft Red Herring Prospectus our Directors, may deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreements entered into with our Company, if any and AOA of our Company.

Interest as Key Managerial Personnel of our Company

Rakesh Somani, Promoter and Managing Director is the Key Managerial Personnel of the Company and may deemed to be interested to the extent of remuneration or benefits to which he is entitled to as per his terms of appointment, reimbursement of expenses payable to him for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AOA of our Company and to the extent of Equity Shares held by him in our Company. He may also be deemed to be interested to the extent of any dividend payable to him and other distributions in respect of such Equity Shares. Other than as disclosed above, no other Director is interested as Key Managerial Personnel of the Company. For further details, please refer to heading titled “*Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus.

Interest in transactions involving acquisition of land

Our Directors/Promoters are not currently interested in any transaction with our Company involving acquisition of land. Except as stated/referred to under the heading titled “*Land and Property*” under chapter titled “*Our Business*” beginning on page 140 of this Draft Red Herring Prospectus, our Directors/Promoters have not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in which the Promoters are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Other Indirect Interest

Except as stated in chapter titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

Interest in the Business of Our Company

Except as stated in “*Related Party Transactions*” in the chapter titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus.

SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

As on the date of Draft Red Herring Prospectus, our Company does not have any Subsidiary or Associate Company.

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Following are the changes in directors of our Company in last three years prior to the date of this Draft Red Herring Prospectus:

Name	Date of event	Nature of event	Reason
Rakesh Somani	December 15, 2017	Change in Designation	Designated as Managing Director
Sandhya Jain	February 19, 2018	Appointment	Appointed as Independent Director
Harmil Shah	February 19, 2018	Appointment	Appointed as Independent Director
Sonam Pitliya	February 19, 2018	Appointment	Appointed as Independent Director
Rajkumar Somani	April 02, 2018	Change in Designation	Designated as Non- Executive Director
Sumeet Somani	April 02, 2018	Change in Designation	Designated as Non- Executive Director

BORROWING POWERS OF THE BOARD

Pursuant to a special resolution passed at the Extra Ordinary General Meeting of our Company held on December 14, 2017 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from Time to Time, and rules made there under and the Board of Directors (including committees) of the Company be and is hereby authorized to borrow money on such terms and conditions as may be considered and suitable by the Board of Directors up to a limit of Rs. 300.00 crores notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the Temporary Loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves of the Company.

CORPORATE GOVERNANCE

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be complied with the extent applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchange.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The Corporate governance framework is based on an effective Independent Board, the Board's Supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board functions either as a full board or through the various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, there are Six (6) Directors on our Board out of which one half are Independent Directors. Our Company is in compliance with the corporate governance norms prescribed under the Companies Act, 2013, particularly, in relation to appointment of Independent Directors to our Board and constitution of Board-level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations, the Equity Listing Agreements and the Companies Act, 2013.

The following committees have been constituted in terms of SEBI Listing Regulations and the Companies Act, 2013.

- A. Audit Committee
- B. Stakeholders Relationship Committee
- C. Nomination and Remuneration Committee

A) Audit Committee

Our Company has constituted an audit committee ("**Audit Committee**"), as per section 177 of the Companies Act 2013 vide resolution passed at the meeting of the Board of Directors held on March 19, 2018

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises the following three (3) directors:

Name of the Directors	Status	Nature of Directorship
Sandhya Jain	Chairperson	Independent Director
Harmil Shah	Member	Independent Director
Sonam Pitliya	Member	Independent Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers:

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

The Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;

- 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;
 - vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/DRHP/RHP/Prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
 8. Approval or any subsequent modification of transactions of the company with related parties.
 9. Scrutiny of inter-corporate loans and investments.
 10. Valuation of undertakings or assets of the company, wherever it is necessary.
 11. Evaluation of internal financial controls and risk management systems.
 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 14. Discussion with internal auditors any significant findings and follow up there on.
 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
 19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board.
 20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
 21. To investigate any other matters referred to by the Board of Directors.
 22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Meeting of Audit Committee and relevant Quorum

The audit committee shall meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of two members present.

B) Stakeholder's Relationship Committee

Our Company has constituted a shareholder / investors grievance committee ("*Stakeholders' Relationship Committee*") to redress complaints of the shareholders. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on March 19, 2018.

The Stakeholders' Relationship Committee comprises the following Directors:

Name of the Directors	Status	Nature of Directorship
Sandhya Jain	Chairperson	Independent Director
Rakesh Somani	Member	Managing Director
Sonam Pitliya	Member	Independent Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Stakeholders' Relationship Committee.

The Stakeholders Relationship Committee shall oversee all matters pertaining to investors of our Company. The scope and function of the Stakeholder's Relationship Committee and its terms of reference shall include the following:

A. Tenure: The Stakeholder's Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholder's Relationship Committee as approved by the Board.

B. Meetings: The Stakeholder's Relationship Committee shall meet as and when required and shall report to the Board on quarterly basis regard the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

C. Role of the Stakeholder's Relationship Committee:

The Committee shall consider and resolve grievances of security holders, including but not limited to:

1. Efficient transfer of shares including review of cases for refusal of transfer/transmission of shares and debentures;
2. Redressal of security holder's/investor's complaints efficient transfer of shares; including review of cases for refusal of transfer/transmission of shares and debentures;
3. Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
4. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
5. Allotment and listing of shares;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. To otherwise ensure proper and timely attendance and Redressal of investor queries and grievances;
8. Any other power specifically assigned by the Board of Directors of the Company.

C) Nomination and Remuneration Committee

Our Company has constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on March 19, 2018. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors:

Name of the Director	Status	Nature of Directorship
Sandhya Jain	Chairperson	Independent Director
Harmil Shah	Member	Independent Director
Sonam Pitliya	Member	Independent Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

1) Tenure: The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

2) Meetings: The committee shall meet as and when the need arise for review of Managerial Remuneration or any other activity as the committee deems fit. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration Committee shall be called by at least seven day's notice in advance.

3) Role of the Nomination and Remuneration Committee not limited to but includes:

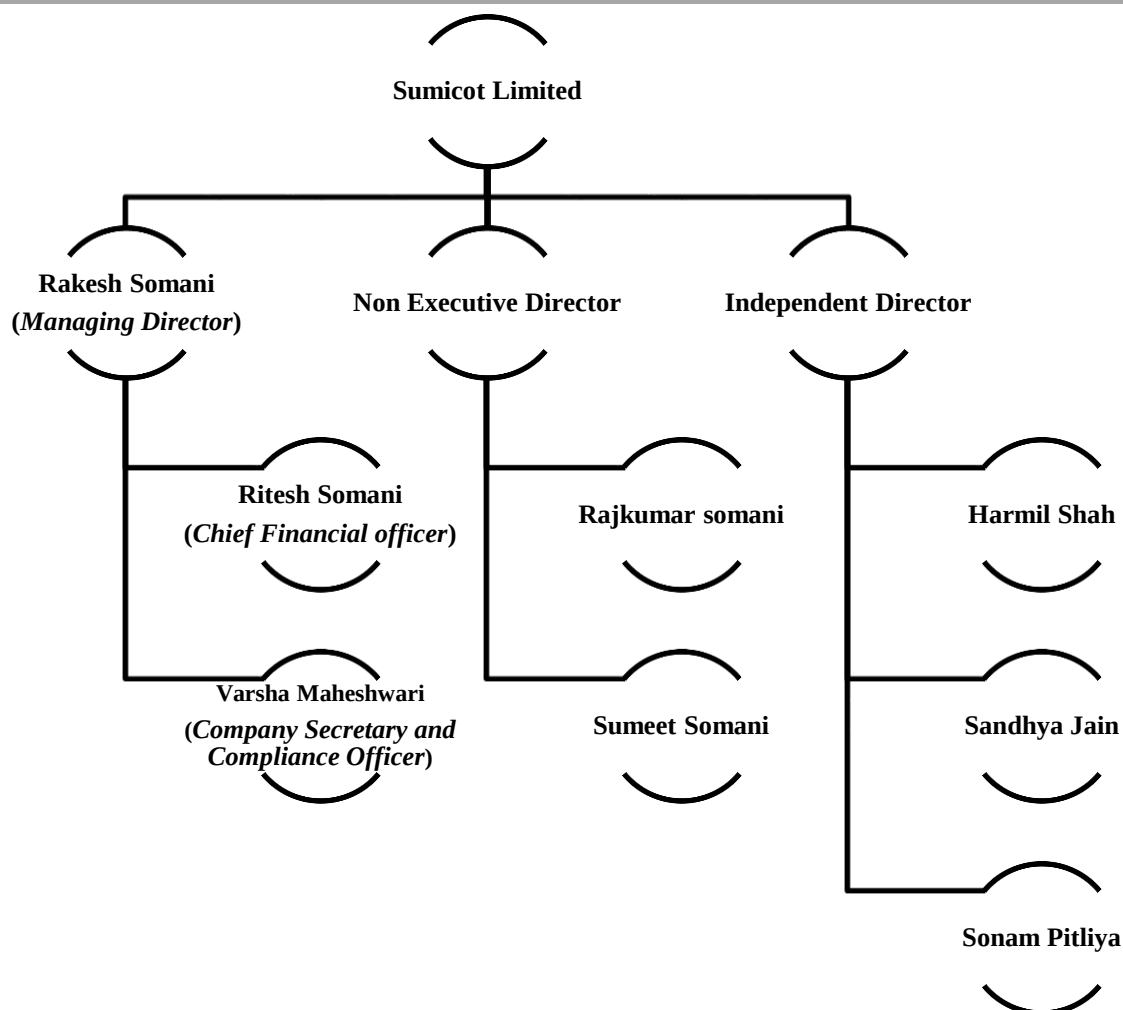
1. Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration for directors, KMPs and other employees.
2. Formulation of criteria for evaluation of performance of independent directors and Board of Directors
3. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
4. Devising a policy on diversity of board of directors.
5. Identifying persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading:

The provisions of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the EMERGE Platform of National Stock Exchange of India Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges. Further, Board of Directors at their meeting held on April 02, 2018 have formulated and adopted the code of conduct to regulate, monitor and report trading by its employees and other connected persons.

Varsha Maheshwari, Company Secretary & Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the board.

ORGANISATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

The details of our Key Managerial Personnel are set out below:

Rakesh Somani

Rakesh Somani, aged 34 years, is the **Promoter** and **Managing Director** of our Company. He has been associated with the Company since its inception. He was appointed as first director of our Company on November 25, 2010 and designated as Managing Director w.e.f. December 15, 2017 for Five (5) years and subject to liable to retire by rotation. He has completed Diploma Program in International Business along with internship from University of California, Berkeley in the year 2007. He has an experience of more than 7 Years in textile Industry. He is involved in day to day business operations and entrusted with the responsibility of looking after the overall management of the Company.

Ritesh Somani

Ritesh Somani, aged 31 years, is the Chief Financial Officer of our Company with effect from February 21, 2018. He is responsible for looking after accounting, finance and taxation of our company.

Varsha Maheshwari

Varsha Maheshwari, aged 23 years, is the Company Secretary and Compliance Officer of our company. She has been appointed as the Company Secretary of our Company w.e.f. February 21, 2018. She is qualified Company Secretary and is an associate member of the Institute of Company Secretaries of India. She has completed Bachelors of Commerce from Veer Narmad South Gujarat University. She is entrusted with the responsibility of legal, secretarial and compliance functions of our company.

RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

Except as stated below, none of the key managerial personnel are related to the each other within the meaning of Section 2 (77) of the Companies Act, 2013. All of Key Managerial Personnel are permanent employees of our Company.

Name of Key Managerial Personal	Name of Other Key Managerial Personal	Relationship
Rakesh Somani	Ritesh Somani	Brothers

ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

None of our Key Managerial Personnel have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Except as mentioned below, none of our Key Managerial Personnel holds any Equity shares of our company as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Key Managerial Personnel	No. of Shares held	% of Shares held
1.	Ritesh Somani	80,000	0.92%
2.	Rakesh Somani	61,000	0.70%

BONUS OR PROFIT SHARING PLAN OF THE KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Key Managerial Personnel.

CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

LOANS TO KEY MANAGERIAL PERSONNEL

Our company has not given any loans and advances to the Key Managerial Personnel as on the date of this Draft Red Herring Prospectus.

INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company have interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any and dividends payable thereon and other distributions in respect of such equity shares, if any. Except as disclosed in this Draft Red Herring Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreement or arrangement during the preceding 2 (two) years from the date of this Draft Red Herring Prospectus in which the Key Managerial Personnel are interested directly or indirectly and no payments



have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Except as stated in the chapters “*Our Management*” and “*Related Party Transactions*” beginning on pages 175 and 207 respectively of this Draft Red Herring Prospectus and described herein above, our key managerial personnel do not have any other interest in the business of our Company.

CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Name of Managerial Personnel	Date of Event	Nature of event	Reason
Varsha Maheshwari	September 25, 2017	Appointment	Appointed as Company Secretary
Rakesh Somani	December 15, 2017	Change in Designation	Designated as Managing Director
Varsha Maheshwari	December 30, 2017	Resignation	Resigned as Company Secretary
Ritesh Somani	February 21, 2018	Appointment	Appointed as Chief Financial Officer
Varsha Maheshwari	February 21, 2018	Appointment	Appointed as Company Secretary and Compliance officer

ESOP/ESPS SCHEME TO EMPLOYEES

Presently, we do not have any ESOP/ESPS Scheme for employees.

PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)

Except as disclosed in the heading titled “*Related Party Transactions*” in the section titled “*Financial Statements as Restated*” beginning on page 209 of this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.

OUR PROMOTERS AND PROMOTER GROUP

OUR PROMOTERS

The Promoters of our Company are Rakesh Somani, Rajkumar Somani, Akashganga Processors Private Limited, Betex India Limited and Rangila Fabrics Private Limited. As on date of this Draft Red Herring Prospectus, our Promoters holds 31,93,000 Equity Shares representing 36.83% of the pre-issue Paid up Equity Share Capital of our Company.

Brief profile of our Individual Promoters is as under:

	Rakesh Somani, Promoter, Managing Director Rakesh Somani, aged 34 years, is one of the Promoter and also Managing Director of our Company. He has been associated with the Company since its inception. He was appointed as first director of our Company on November 25, 2010 and designated as Managing Director w.e.f. December 15, 2017 for Five (5) years and subject to liable to retire by rotation. He has completed Diploma Program in International Business along with internship from University of California, Berkeley in the year 2007. He has an experience of more than 7 Years in textile Industry. He is involved in day to day business operations and entrusted with the responsibility of looking after the overall management of the Company. Nationality: Indian Passport No: Z3269828 Driving License: GJ05/035145/02 Voters ID: THP1657709 Address: Bunglow No. 37, Sangam Society, City Light Road, Surat – 395007, Gujarat, India. Other ventures promoted by him: • Rakesh Industries Private Limited • Mind Spring Landmarks Private limited • Bhoomeka Processors Private Limited • Rakesh Somani HUF For further details relating to Rakesh Somani, including terms of appointment as Managing Director and other directorships please refer to the chapter titled “Our Management” beginning on page 175 of this Draft Red Herring Prospectus.
	Rajkumar Somani, Promoter and Non-Executive Director Rajkumar Somani, aged 58 years, is one of the Promoter and Non-Executive director of our Company. He has been associated with the Company since March 02, 2013 and designated as Non-Executive director w.e.f. April 2, 2018 for Five (5) years. He has completed his Bachelors of commerce from Shri Kalyan College affiliated to Rajasthan University, Jaipur. He has an experience of more than two decades in the industry in which our Company operates. He started his career with Sumeet Industries Limited by way of association as director from year 1988. Currently, he is Whole Time director of Betex India Limited (Listed Company on BSE Limited) along with other directorship in seven (7) Private Limited Companies. He is guiding force behind all the strategic decisions.

	Nationality: Indian Passport No: J7245182 Driving License: GJ05 19980257653 Voters ID: THP1657683 Address: Bungalow No. 37, Sangam Society, City Light Road, Surat – 395007, Gujarat, India Other ventures promoted by him: • Rakesh Industries Private Limited • Mind Spring Landmarks Private limited • Rajkumar Somani HUF For further details relating to Rajkumar Somani, including terms of appointment as Non-Executive Director and other directorships please refer to the chapter titled “Our Management” beginning on page 175 of this Draft Red Herring Prospectus.

DECLARATION

Our Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of our Individual Promoters have been submitted to the Stock Exchange at the time of filing of this Draft Red Herring Prospectus.

Brief profile of our Corporate Promoters is as under:

1. Akashganga Processors Private Limited (APPL)

Corporate Information:

Akashganga Processors Private Limited was incorporated as a Private Limited Company under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated January 12, 2004 at Gujarat bearing Corporate Identification Number U17121GJ2004PTC043456. The registered office of APPL is situated at 402/2, GIDC, Pandesara, Surat - 394221, Gujarat, India.

The company is engaged in the business of dyeing and printing of textile goods.

Akashganga Processors Private Limited was not the original promoter of our company, and initially acquired shares in our company on January 8, 2014, it currently holds 4,00,000 Equity shares of the Company, which constitutes 4.61% of pre-issue paid-up share capital of our Company. For details of Capital build-up of APPL's in our company, please see “Capital Structure- Notes to capital structure on page 89 of this Draft Red Herring Prospectus.

Further, we confirm that compliance with SEBI (SAST) Regulations and SEBI (LODR) Regulations was not applicable since shares of our company was not listed on any stock exchange in India at the time of purchase.

Promoters of Akashganga Processors Private Limited:*

1. Rangila Fabrics Private Limited
2. Somani Overseas Private Limited

Board of Directors of Rangila Fabrics Private Limited:

1. Mahesh Somani,
2. Rajkumar Somani

3. Manish Somani

Board of Directors of Somani Overseas Private Limited

1. Shankarlal Somani
2. Sumeet Somani

Change in Management and control:

There has been no change in the management and control of Akashganga Processors Private Limited in three years preceding the date of Draft Red herring Prospectus.

Board of Directors:

1. Mangilal Lahoti
2. Rajkumar Somani
3. Rakesh Somani
4. Ritesh Somani

Shareholding Pattern

Set forth below, is the shareholding of Akashganga Processors Private Limited as on the date of this Draft Red Herring Prospectus –

S.No.	Name	No. of Shares	% of Holding
1.	Rangila Fabrics Private Limited	1,30,000	26.00
2.	Somani Overseas Private Limited	60,000	12.00
3.	Betex India Limited	57,500	11.50
4.	Mangilal Lahoti HUF	40,100	8.02
5.	Rajkumar Somani HUF	28,000	5.60
6.	Sumandevi Somani	25,500	5.10
7.	Balaji Indofin Limited	25,000	5.00
8.	Reacon Traders Private Limited	25,000	5.00
9.	Rajkumar Somani	24,000	4.80
10.	Rakesh Somani	24,000	4.80
11.	Ritesh Somani	23,300	4.66
12.	Krishna Lahoti	18,100	3.62
13.	Sukhlal Lahoti HUF	17,100	3.42
14.	Ajay Varlekar	100	0.02
15.	Jagdishprasad Raniwas Soni	100	0.02
16.	Kaluram Purohit	100	0.02
17.	Mamta S. Agarwal	100	0.02
18.	Murli Manohar Taparia	100	0.02
19.	Nileshdhar S. Dubey	100	0.02
20.	Omprakash Choudhari	100	0.02
21.	Pooja P. Gandhi	100	0.02
22.	Rachana S. Agarwal	100	0.02
23.	Rajeshwari S. Taparia	100	0.02
24.	Rameshkumar Taparia	100	0.02
25.	Sajjan Kumar HUF	100	0.02
26.	Satishkumar Kedarnath HUF	100	0.02
27.	Satyanarayan Agarwal HUF	100	0.02
28.	Shashidhar Dubey	100	0.02
29.	Shivlal Purohit	100	0.02



30	Shravan Kumar Taparia	100	0.02
31	Sitadevi Taparia	100	0.02
32	Srikishan Taparia	100	0.02
33	Sushila Taparia	100	0.02
34	Sanjay Lahoti	100	0.02
35	Mangilal Lahoti	100	0.02
36	Poonam Lahoti	100	0.02
37	Sanjay Polytex Private Limited	100	0.02
	Total	5,00,000	100.00

2. Betex India Limited (“Betex”)

Corporate Information:

Betex India Limited was originally incorporated on January 07, 1987 as a Public Limited Company under the provisions of Companies Act, 1956 at Maharashtra bearing registration number 42125 1987. Thereafter, the registered office of the company was transferred from Maharashtra to Gujarat pursuant to order of Company Law Board dated April 16, 1992. Pursuant to such change, new Certificate of Registration was issued by Assistant Registrar of Companies, Gujarat and Dadra & Nagar Haveli dated July 29, 1992. Currently, the registered office of the company is situated at 436, GIDC Pandesara, Surat – 394221, Gujarat, India

The company is engaged in the business of dyeing and printing of fabrics.

Betex was not the original promoter of our company, and initially acquired shares in our company on March 18, 2013 and it currently holds 13,71,000 Equity shares of the Company, which constitutes 15.81% of our pre-issue paid-up share capital. For details of build-up of Betex’s shareholding in our company please see “Capital Structure- Notes to capital structure on page 89 of this DRHP.

Further, we confirm that compliance with SEBI (SAST) Regulations and SEBI (LODR) Regulations was not applicable since shares of our company was not listed on any stock exchange in India at the time of purchase.

The Corporate Identification Number (CIN) of the company is **L17119GJ1992PLC018073**

Betex’s equity shares are listed on BSE Limited

Promoters of Betex:

1. Sumeet Menthol Private Limited

Board of Directors of Sumeet Menthol Private Limited:

1. Shankarlal Somani
2. Sumeet Somani

Change in Management and control:

There has been no change in the management and control of Betex in three years preceding the date of Draft Red herring Prospectus.

Board of Directors of Betex:

1. Mahesh Somani
2. Mangilal Lahoti
3. Rajkumar Somani
4. Manish Somani
5. Ritesh Somani

6. Deepa Agarwal

Shareholding Pattern

Set forth below, is the shareholding of Betex as on the date of this Draft Red Herring Prospectus –

C a t e g o r y	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form***
								No of Voting Rights	Total as a % of (A+B+C)			No.(a)	As a % of total Shares held (b)	N o. (a)	As a % of total Shares held (b)	
I	II	III	IV	V	VI	VII = IV + V + VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	22	8,07,281	-	-	8,07,281	53.82	8,07,281	53.82	-	53.82	-	-	-	-	8,07,281
B	Public	677	6,92,719	-	-	6,92,719	46.18	6,92,719	46.18	-	46.18	-	-	-	-	3,64,419
C	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

C a t e g o r y	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form***
								No of Voting Rights	Total as a % of (A+B+C)			No.(a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	699	15,00,000	-	-	15,00,000	100.00	15,00,000	100.00	-	100	-	-	-	-	11,71,700



3. Rangila Fabrics Private Limited (“Rangila Fabrics”)

Corporate Information:

Rangila Fabrics Private Limited was incorporated as a Private Limited Company in the name and style of Rangila Suppliers Private Limited at West Bengal under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated November 03, 2004. Further name of Company was changed to pursuant to Certificate of Incorporation dated December 18, 2009. The registered office of Rangila Fabrics is situated at 7A, K.S. Roy Road, Kolkata – 700001, West Bengal, India.

The company is engaged in the business of trading of textile goods.

The Corporate Identification Number (CIN) of the company is U51909WB2004PTC100299

Rangila Fabrics was not the original promoter of our company, and initially acquired shares in our company on March 18, 2013 and it currently holds 11,79,000 Equity shares of the Company, which constitutes 13.60% of our pre-issue paid-up share capital. For details of build-up of Rangila Fabrics’s shareholding in our company please see “Capital Structure- Notes to capital structure on page 89 of this DRHP.

Promoters of Rangila Fabrics:

1. Mahesh Somani
2. Ritesh Somani

Change in Management and control:

There has been no change in the management and control of Rangila Fabrics in three years preceding the date of Draft Red herring Prospectus.

Board of Directors:

1. Mahesh Somani
2. Rajkumar Somani
3. Manish Somani

Shareholding Pattern

Set forth below, is the shareholding of Rangila Fabrics as on the date of this Draft Red Herring Prospectus

S.No.	Name	No. of Shares	% of Holding
1.	Maheshkumar Somani	30000	9.44
2.	Ritesh Somani	22000	6.92
3.	Rashmi Somani	20100	6.32
4.	Akashganga Processors Pvt Ltd	17800	5.60
5.	Ekta Polyfab Pvt. Ltd.	17800	5.60
6.	Survika Vinimay Pvt Ltd	17000	5.35
7.	Ambaji Syntex Pvt Ltd	15200	4.78
8.	Genistra Construction P Ltd	13000	4.09
9.	Betex India Limited	12200	3.84
10.	Manish Somani	10000	3.15
11.	Shardadevi Somani	10000	3.15
12.	Rajkumar Somani	10000	3.15
13.	Rajkumar Somani HUF	10000	3.15
14.	Sumandevi Somani	10000	3.15
15.	Rakesh Somani	10000	3.15
16.	Hanuman Exports & Resources Pvt Ltd.	10000	3.15

17	Chakrapani Barter Pvt Ltd	9000	2.83
18	Banphool Sale Pvt Ltd	9000	2.83
19	Superior Commodities P Ltd	8000	2.52
20	Manali Vinmay Pvt LTd	8000	2.52
21	Maheshkumar Sitaram Somani HUF	7800	2.45
22	Nilmani Barter Pvt Ltd	7000	2.20
23	Subhkari Mercantile Pvt Ltd	7000	2.20
24	Oshiya Infotech Pvt Ltd	7000	2.20
25	Muskan Retails Pvt. Ltd	6000	1.89
26	Samyak Electronics Pvt Ltd	4000	1.26
27	Bhikshu Mercantile Pvt Ltd	4000	1.26
28	Kamaldhan Vanijya Pvt Ltd	3000	0.94
29	Fotoman Consultants Pvt Ltd	3000	0.94
	Total	3,17,900	100.00

DECLARATION

Our Company confirms that the Permanent Account Number, Bank Account Number, Company registration number and address of ROC where the company is registered of our Corporate Promoters shall be submitted to the Stock Exchange at the time of filing of this Draft Red Herring Prospectus.

INTEREST OF PROMOTERS

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend receivable, if any and other distributions in respect of the Equity Shares held by them. For details regarding shareholding of our Promoters in our Company, please refer “*Capital Structure*” on page 89 of this Draft Red Herring Prospectus.

Some of our Promoters may also be deemed to be interested in our Company to the extent of their shareholding in our Group Companies with which our company transacts during the course of its operations.

Our Individual Promoters are the Directors and KMP of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of the agreements entered into with our Company, if any and AoA of our Company. For details refer to the chapter titled “*Our Management*”, “*Financial Statements*” and “*Capital Structure*” beginning on pages 175, 209 and 89 respectively of this Draft Red Herring Prospectus.

Except as mentioned in the chapter titled “*Our Business*” under “*Land & Property*”, our Promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of two years before filing of this Draft Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see “*Related Party Transactions*” on page no 207 of this Draft Red Herring Prospectus.

OTHER VENTURES OF OUR PROMOTERS

Save and except as disclosed in the chapter titled “*Our Promoter and Our Promoter Group*” and “*Group Companies*” beginning on page 190 and 202 respectively of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests / other interests.

RELATED PARTY TRANSACTIONS

For details of related party transactions entered into by our Promoters, members of our Promoter Group and Company during the last financial year, the nature of transactions and the cumulative value of transactions, refer chapter titled “Related Party Transactions” on page 207 of this Draft Red Herring Prospectus.

PAYMENT OR BENEFITS TO PROMOTER

Except as stated otherwise in the chapter titled “*Related Party Transactions*” on page 207 of this Draft Red Herring Prospectus, there have been no payments or benefits to the Promoters during the two years prior to filing of this Draft Red Herring Prospectus.

OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1) (zb) of the SEBI (ICDR) Regulations is as under:

A. Natural persons who are part of our Promoters Group:

Relationship with Promoters	Rajkumar Somani	Rakesh Somani
Father	-	Rajkumar Somani
Mother	-	Suman Devi Somani
Brother	Shankarlal Somani Mahesh Somani Bajranglal Somani	Ritesh Somani
Sister	Pushpa Kabra Manju Jaithaliya Krishna Lahoti	NA
Spouse	Suman Devi Somani	Amrita Somani
Son	Rakesh Somani Ritesh Somani	NA
Daughter	NA	Ivana Somani (Minor)
Spouse’s Father	Madangopal Sodhani	Narendra Kabra
Spouse’s Mother	-	Shobha Kabra
Spouse’s Brother	Sushil Sodhani Shreeram Sodhani	Lav Kabra Kush Kabra
Spouse’s Sister	NA	NA

B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:

- Rajkumar Somani HUF
- Rakesh Somani HUF
- Shankarlal Somani HUF
- Mahesh Kumar Somani HUF
- Bajranglal Somani HUF
- Shreeram Sodhani HUF
- Sukhlal Lahoti HUF
- Mangilal Lahoti HUF
- Ritesh Kumar HUF
- Sodhani & Co.
- Radhe Arts
- Kavya Nidhi Enterprises
- Mind Spring Landmarks Private Limited
- Rakesh Industries Private Limited

- Bhoomeka Processors Private Limited
- J R Credit Private Limited
- Bajrang Processors Private Limited
- Sparsh Merchantile Private Limited
- Dishal Impex Private Limited
- Vashukamal Buildcom
- Lav Kabra HUF
- Vashukamal Infra Builders
- Vasukamal Properties
- Vasukamal and Associates
- Vasukamal Spinners

C. Promoter Group Entities in case of Corporate Promoters:

- Somani Overseas Private Limited
- Sumeet Menthol Private Limited
- Ambaji Syntex Private Limited
- Chintan Processors Private Limited
- Ekta Polyfab Private Limited
- Dhanvirdhi Financial Consultants Private Limited
- Sitaram Prints Private Limited
- Survika Vinimay Private Limited
- Sumeet Industries Limited

RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS

Except as mentioned below, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

Name of Promoter	Other Directors	Relationship
Rakesh Somani	Rajkumar Somani	Son - Father

DISASSOCIATION BY THE PROMOTERS IN THE LAST THREE YEAR

Our Promoters Rakesh Somani and Rajkumar Somani have disassociated themselves from RKS Textile Private Limited w.e.f. February 11, 2017 during preceding three years.

CHANGES IN CONTROL

There has been no change in the management or control of our Company in the last three years.

LITIGATION INVOLVING OUR PROMOTERS

For details of legal and regulatory proceedings involving our Promoters, refer to the chapter titled "*Outstanding Litigation and Material Developments*" on page 272 of this Draft Red Herring Prospectus.

CONFIRMATIONS

Our Company, our Promoters and their relatives (as defined under the Companies Act, 2013) are not Wilful Defaulters.

Further, except as mentioned in the chapter titled "Outstanding Litigation and Material Developments" beginning on page 272 of this Draft Red Herring Prospectus, there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

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 Promoters or to such firm or company in cash or otherwise by any person for services



rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters and members of the Promoter Group are not prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. For further details with respect to same, please refer chapter titled “Outstanding Litigation and Material Developments” beginning on page 272 of this Draft Red Herring Prospectus.

Our Promoters are not a promoter, director 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.

Except as disclosed in “*Related Party Transactions*” on page 207 of this Draft Red Herring Prospectus, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company.

OUR GROUP COMPANIES

As per the requirement of SEBI (ICDR) Regulations, for the purpose of identification of “Group Companies”, our Company has considered those Companies as Group Companies, which are included in the list of related parties of the Company, under Accounting Standard 18 issued by the Institute of Chartered Accountant of India and such other companies as considered material by our Board. Pursuant to a resolution dated April 02, 2018, for the purpose of disclosure in offer documents for the Issue, a company shall be considered material and disclosed as a “Group Company” if (i) companies in which the investment in the form of equity or loan by our Company exceeds 10% of the net worth of our Company for the last audited financial year; (ii) where our Company has entered into one or more transactions with such company in the last audited financial year, cumulatively exceeding 10% of the total revenue of our Company for the last audited financial year; and (iii) any other company which the Board may decide.

For avoidance of doubt, it is clarified that Betex India Limited, which is our Promoter, has not been considered as Group Company for the purpose of disclosure in this Draft Red Herring Prospectus. For further details please refer to chapter “Promoter and Promoter Group” beginning on page 190 of this Draft Red Herring Prospectus.

Based on the above, the following are our Group Companies:

1. Sumeet Industries Limited (SIL)
2. Global Denim Private Limited (GDPL)

Following are the details of our listed Group Company:

1. Sumeet Industries Limited (SIL)

Corporate Information:

Sumeet Industries Limited was originally incorporated on August 01, 1988 under the provisions of Companies Act, 1956 in the name and style of “Sumeet Synthetics Private Limited”. Its registered office is situated at 504, Trividh Chambers, opp. Fire Station, Ring road, Surat - 395002, Gujarat, India. The Corporate Identification Number of SIL is L45200GJ1988PLC011049. The current paid up capital of SIL is Rs.11,291.39 lakhs

Sumeet Industries Limited was listed on Stock Exchanges on December 26, 2001.

In terms of its Memorandum of Association, it is, inter-alia, authorised to carry on the business of spinners, weavers, manufactures, crimpers Texturisers ginners, processors, packers and balers of cotton, jute, hemp silk, artificial silk, rayon, nylon, stretchlon, man-made synthetic fibers, stable fiber wool and any others fibrous material and the business of manufacturing, weaving, bleaching, printing & selling yarns of all types whether knitted or looped and importing, exporting, buying, selling, and/ or otherwise dealing in cotton, silk, nylon, stretchlon, man-made synthetic fibers, wool, hemp and other fibrous material, yarn, cloth, line, rayon and generally to carry on business of processors, dyers, sizers, manufacturers, and/or dealers in cotton, linen, flax, hemp, jute, silk, rayon, man-made synthetic fibers, wool, yarn and cloth merchants, cleaners and combers.

Nature and Extent of Interest of Promoters:

None of our Promoters hold any equity shares in SIL. Further neither of them are on the board of directors of SIL.

Financial Performance:

(Rs. in lakhs)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Equity Share Capital	8,803.97	8,803.97	7,803.97
Reserves and Surplus	21,991.22	18,318.46	16,131.51
Sales / Revenue from operation	1,19,801.51	1,05,248.48	93,117.27
Profit/(loss) after tax	3,672.76	1,684.46	1,845.74
Earnings per share (basic and diluted)(face value Rs 10 each)	6.33	2.90	3.18
Net Asset Value per share	47.89	41.56	37.79

Share Price Information:

The equity shares of SIL having a face value of ₹ 10 each are listed on BSE Limited and National Stock Exchange of India Limited.

The monthly high and low of the closing market price of the equity shares of SIL during the preceding six months are provided below:

Sr.no	Month	BSE		NSE	
		High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
1	November, 2017	35.70	30.30	35.85	30.20
2	December, 2017	33.85	28.40	33.90	28.35
3	January, 2018	39.45	27.50	39.50	27.45
4	February, 2018	28.40	23.45	28.45	23.25
5	March, 2018	27.05	13.60	27.10	13.30
6	April, 2018	20.00	14.00	20.00	13.90

Source: www.bseindia.com and www.nseindia.com.

The closing market price of the equity shares of SIL as on May 28, 2018 on NSE was ₹ 14.25 and as on May 22, 2018 on BSE was ₹14.35 per equity share, respectively.

The market capitalisation of SIL as of May 28, 2018 was ₹ 16,090.23 Lakhs as per NSE.

Except allotment of 2,48,74,173 equity shares face value of ₹ 10 each of SIL pursuant to right issue, there has been no change in the capital structure of SIL in the last six months.

Details about past Public Issue / Right Issue in the preceding three years:-

Particulars	Issue Price	Current Market Price	
		NSE	BSE
Right Issue	24	14.25*	14.35*

*As on Date of Draft Red Herring Prospectus.

There has been no change in the capital structure of SIL since the date of Right Issue

Performance vis-à-vis the objects of the issue

There is no deviation in performance vis-à-vis objects of rights issue undertaken by SIL. Category wise variation between projected utilization of funds made in offer document and the actual utilization of funds are as follow:

S.No.	Particulars	Projected utilization of funds as per offer document	Actual utilization of funds till 31st March, 2018
1.	Augmentation of Existing and incremental Working Capital Requirements	2300.00	2727.04
2.	Adjustment of Unsecured Loans against the entitlement	2500.00	2500.00
3.	General Corporate purpose	1030.00	615.00
4.	Issue related expenses	170.00	127.76
	Total	6000.00	5969.80

Note: Actual Issue related expenses and General Corporate expenses incurred Rs. 742.76 Lakh and Balance amount is used for Working Capital Requirement.

Following are the details of our unlisted Group Company:

2 Global Denims Private Limited (GDPL)

Corporate Information:

Global Denims Private Limited was incorporated under the provisions of Companies Act, 1956 on August 22, 2012 as a Private Limited Company. The registered office of the Company is situated at Office No.504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road, Surat – 395002, Gujarat India. The Corporate Identification Number of GDPL is U17200GJ2012PTC071646.

The current paid up capital of GDPL is Rs.105.00 Lakhs.

In terms of its Memorandum of Association, it is, in the business of spinners, weavers, manufacturers, importers and exporters, wholesale and retail dealers, ginner, pressers, packers and bales and cotton, jute, hemp, silk, wool, polyester, lycra, jeans, shirts, bush shirts, pajamas suits, vests, under wears, suits, foundation garments for ladies dresses, brassieres, maternity belts, knee caps, coats, panties, nighties and any other fibrous material and the cultivation thereof and the business of weaving or otherwise manufacturing, bleaching, dyeing, printing and selling denim cloth, yarn, cloth, linen and other goods and fabrics, whether textile, fabric netted or looped and of buying, selling and dealing in cotton, polyester, lycra, denim cloths and other fibrous materials, yarn, cloth, linen and other goods or merchandise made thereof and generally to carry on the business of cotton spinners and doublers, denim and linen manufacturers, cotton, denim, flax, hemp, jute, polyester, lycra, wool, yarn and cloth merchants, bleachers, dyers, makers of vitriol, bleaching, cotton, natural fibers, synthetic fibers, including fiber glass into materials like cloth, tapes, cord, ropes, twines and dyeing materials and to transact all manufacturing or curing and preparing processes and mercantile business that may be necessary and expedient and to purchase comb and vend raw materials and manufactured articles, goods and products.

Nature and Extent of Interest of Promoters:

1. Our Promoters, Rajkumar Somani and Rakesh Somani hold 5,000 Equity Shares of Rs. 10 each individually, aggregating to 0.96% of the issued and paid up share capital of GDPL.
2. Our promoter, Rakesh Somani is Director of GDPL and may be deemed to be interested in GDPL to that extent.

Audited Financial Performance:

Amount (Rs. in lakhs)

Particulars	March 31, 2017	March 31, 2016	March 31, 2015
Equity Paid Up Capital	105.00	16.90	1.00
Reserves and Surplus	153.17	22.99	(0.26)
Net Asset Value per equity share (in Rs.)	24.59	23.60	7.43

Related Party Transactions

For details on related party transactions please refer to Financial Statements, as restated – Annexure XXXV– Restated Statement of Related Parties Transactions on page 209 of this Draft Red Herring Prospectus.

Other disclosures:

None of our Group Companies have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Red Herring Prospectus with Stock exchange.

None of our Group Companies are under any winding up proceedings.

None of our Group Companies have taken any unsecured loans from our Company.

Except Sumeet Industries Limited, None of our Group Companies are listed on any of the Stock Exchanges and they have not made any public/ rights issue in last five years. Further, except as mentioned in Chapter titled “*Outstanding Litigation and Material Developments*” on page 272 of this Draft Red Herring Prospectus, no action has been taken against these companies by any Stock Exchange or SEBI.

Companies with negative net worth:

None of our Group Companies have negative Net Worth as per the last audited financial statements mentioned herein.

Nature and Extent of Interest of Group Companies:

(a) In the promotion of our Company

None of our Group Companies have any interest in the promotion of our Company.

(b) In the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the DRHP

Except as mentioned in the chapter titled “Our Business”, our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 years before filing the DRHP.

(c) Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

For details, please see — Financial Statements, as restated – Annexure XXXV – Restated Statement of Related Parties Transactions on page 209 of this DRHP.

(d) Unsecured Loans extended to our Company

Except Sumeet Industries Limited, none of our Group Companies have extended unsecured loans to our Company, as on December 31, 2017. For further details, please refer to the chapter titled—Financial Statements, as restated – Annexure XXXV – Restated Statement of Related Parties Transactions on page 209 of this Draft Red Herring Prospectus.

Common Pursuits amongst the Group Companies with our Company

As on the date of filing of the DRHP, one of our Group Company, Sumeet Industries Limited is involved in business competing with that of our Company. SIL has objects similar to that of our Company's business.

Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situations as and when it arises.

Sale/Purchase between Group Companies exceeding in value in aggregate of 10% of total sales or purchases of our Company

For details, please refer to —Financial Statements, as restated – Annexure XXXV – Restated Statement of Related Parties Transactions on page 209 of this DRHP.

Payment of Amount or Benefits to our Group Companies during the Last Two Years

Except as stated in —Financial Statements, as restated “Annexure XXXV Restated Statement of Related Parties Transactions on page 209 of this DRHP, no amount or benefits were paid or were intended to be paid to our Group Companies during the last two years from the date of filing of this DRHP.

Business Interest of Group Entities

Other than as stated above and as mentioned in “Financial Statements”, as restated - Annexure XXXV Restated Statement of Related Parties Transactions on page 209 of this DRHP, none of our Group Entities have any business interest in our Company.



RELATED PARTY TRANSACTION

For details on Related Party Transactions of our Company, please refer to *Annexure XXXV* of restated financial statement under the section titled, “*Financial Statements*” beginning on page 209 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last five years.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the record date are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.



SECTION V – FINANCIAL STATEMENTS

FINANCIAL STATEMENT AS RESTATED

Independent Auditor's Report for the Restated Financial Statements of

SUMICOT LIMITED

[Formerly Known As: SUMEET POLY POWER LIMITED]

The Board of Directors,
SUMICOT LIMITED
504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road, Surat - 395 002

Dear Sirs,

1. We have examined the attached Restated Statement of Assets and Liabilities of **SUMICOT LIMITED (the Company)** as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and the related Restated Statement of Profit & Loss and Restated Statement of Cash Flow for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 (collectively the "**Restated Summary Statements**" or "**Restated Financial Statements**"). These Restated Summary Statements have been prepared by the Company and approved by the Board of Directors of the Company in connection with the Initial Public Offering (IPO) in SME Platform of NSE Limited ("NSE").
2. These Restated Summary Statements have been prepared in accordance with the requirements of:
 - (i) Part I of Chapter III to the Companies Act, 2013 ("**Act**");
 - (ii) 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;
 - (iii) The terms of reference to our engagements with the Company letter dated January 02, 2018 requesting us to carry out the assignment, in connection with the DRHP/RHP/ 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
 - (iv) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India ("**Guidance Note**").
3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 which have been approved by the Board of Directors.
4. In accordance with the requirements of Part I of Chapter III of Act, ICDR Regulations, Guidance Note and Engagement Letter, we report that:
 - (i) The "**Restated Statement of Assets and Liabilities**" as set out in **Annexure I** to this report, of the Company as at December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Assets and Liabilities, as restated have been arrived at after

making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV and Annexure V** to this Report.

- (ii) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV and Annexure V** to this Report.
 - (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 are prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV and Annexure V** to this Report.
5. Based on the above, we are of the opinion that the Restated Financial Statements have been made after incorporating:
 - a) Adjustments for the changes in accounting policies retrospectively in respective financial years/period to reflect the same accounting treatment as per the changed accounting policy for all reporting periods.
 - b) Adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments.
 - c) There are no extra-ordinary items that need to be disclosed separately in the accounts and qualifications requiring adjustments.
 - d) There were no qualifications in the Audit Reports issued by the Statutory Auditors for the financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 which would require adjustments in this Restated Financial Statements of the Company.
 - e) These Profits and Losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV and Annexure V** to this report.
 6. Audit for the financial year ended December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 was also conducted by our firm i.e. M/s. B Chordia & Co, Chartered Accountants and accordingly financial information was examined by us for the said years while conducting the audit. The financial report included for these years is based solely on the report submitted by us.
 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 financial period/year ended on December 31, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 proposed to be included in the DRHP/RHP/Prospectus (“**Offer Document**”).

Annexure of Restated Financial Statements of the Company:-

1. Significant Accounting Policies in Annexure IV;
2. Notes to accounts as restated in Annexure V;
3. Details of Share Capital as Restated as appearing in ANNEXURE VI to this report;
4. Details of Reserves and Surplus as Restated as appearing in ANNEXURE VII to this report;
5. Details of Long Term Borrowings as Restated as appearing in ANNEXURE VIII to this report;
6. Details of Deferred Tax Liabilities (Net) as Restated as appearing in ANNEXURE IX to this report;
7. Details of Other Long Term Liabilities (Net) as Restated as appearing in ANNEXURE X to this report;
8. Details of Long Term Provisions as Restated as appearing in ANNEXURE XI to this report;
9. Details of Short Term Borrowings as Restated as appearing in ANNEXURE XII to this report;
10. Details of Trade Payables as Restated as appearing in ANNEXURE XIII to this report;
11. Details of Other Current Liabilities as Restated as appearing in ANNEXURE XIV to this report;
12. Details of Short Term Provisions as Restated as appearing in ANNEXURE XV to this report;
13. Details of Fixed Assets as Restated as appearing in ANNEXURE XVI to this report;
14. Details of Non-Current Investments as Restated as appearing in ANNEXURE XVII to this report;
15. Details of Long Term Loans & Advances as Restated as appearing in ANNEXURE XVIII to this report;
16. Details of Other Non-Current Assets as Restated as appearing in ANNEXURE XIX to this report;
17. Details of Current Investments as Restated as appearing in ANNEXURE XX to this report;
18. Details of Inventories as Restated as appearing in ANNEXURE XXI to this report;
19. Details of Trade Receivables as Restated enclosed as ANNEXURE XXII to this report;
20. Details of Cash and Bank Balances as Restated enclosed as ANNEXURE XXIII to this report;
21. Details of Short Term Loans & Advances as Restated as appearing in ANNEXURE XXIV to this report;
22. Details of Other Current Assets as Restated as appearing in ANNEXURE XXV to this report;
23. Details of Revenue from Operations as Restated as appearing in ANNEXURE XXVI to this report;
24. Details of Other Income as Restated as appearing in ANNEXURE XXVII to this report;
25. Details of Cost of Material Consumed & Direct Expenses as Restated as appearing in ANNEXURE XXVIII to this report;
26. Details of Employee Benefit Expenses as Restated as appearing in ANNEXURE XXIX to this report;
27. Details of Other Expenses as Restated as appearing in ANNEXURE XXX to this report;
28. Details of Finance Expenses as Restated as appearing in ANNEXURE XXXI to this report;
29. Details of Depreciation & Amortisation Expenses as Restated as appearing in ANNEXURE

XXXII to this report;

30. Capitalization Statement as Restated as at December 31, 2017, as appearing in ANNEXURE XXXIII to this report;
 31. Statement of Tax Shelters as Restated as appearing in ANNEXURE XXXIV to this report;
 32. Details of Related Parties Transactions with the Directors as Restated as appearing in ANNEXURE XXXV to this report;
 33. Details of Significant Accounting Ratios as Restated as appearing in ANNEXURE XXXVI to this report;
 34. Reconciliation of Restated Profit as appearing in ANNEXURE XXXVII to this report.
8. We, B Chordia & Co., Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI.
 9. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.
 10. 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, if any, nor should this report be construed as a new opinion on any of the financial statements referred to therein.
 11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
 12. In our opinion, the above financial information contained in Annexure I to XXXI of this report read with the respective Significant Accounting Policies and Notes to Restated Summary Statements as set out in Annexure IV and Annexure V 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.
 13. Our report is intended solely for use of the management and for inclusion in the Offer Document 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.

FOR B. CHORDIA & CO.
CHARTERED ACCOUNTANTS,
F.R.N. 121083W

CA. VIKAS CHORDIA

Partner
M.N. 158536

Place : Surat
Date : March 30, 2018

STATEMENT OF ASSETS AND LIABILITIES AS RESTATED
ANNEXURE I

(Rs.

in Lacs)

	Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
I.	EQUITY AND LIABILITIES						
(1)	Shareholder's Funds						
	(a) Share Capital	867.00	867.00	750.00	655.20	525.75	245.00
	(b) Reserves and Surplus	4,783.82	4,009.69	2,852.11	2,345.15	1,478.60	242.62
	(c) Money received against Share Warrants	-	-	-	-	-	-
(2)	Share Application Money pending allotment	-	-	-	-	-	-
(3)	Non-Current Liabilities	-	-	-	-	-	-
	(a) Long-Term Borrowings	7,731.56	8,543.70	4,757.58	5,075.52	4,122.09	696.15
	(b) Deferred Tax Liabilities (Net)	58.12	-	-	-	0.23	0.11
	(c) Other Long Term Liabilities	-	-	-	-	-	-
	(d) Long-Term Provisions	-	-	-	-	-	-
(4)	Current Liabilities	-	-	-	-	-	-
	(a) Short-Term Borrowings	1,998.43	1,569.00	1,014.72	1,052.36	-	0.04
	(b) Trade Payables	1,951.41	1,110.14	374.94	282.98	-	-
	(c) Other Current Liabilities	1,423.27	1,674.02	907.17	706.84	3.04	489.64
	(d) Short-Term Provisions	350.84	122.42	23.71	18.22	0.19	1.41
	TOTAL	19,164.45	17,895.98	10,680.22	10,136.27	6,129.91	1,674.98
II.	ASSETS						
(1)	Non-Current Assets						
	(a) Fixed Assets						
	(i) Tangible Assets	11,701.69	12,175.69	5,756.26	7,042.28	1,461.40	1,415.23
	(ii) Intangible Assets	-	-	-	-	-	-
	(iii) Capital work-in-progress	-	-	1,118.94	261.71	4,598.58	31.77
	(iv) Intangible assets under development	-	-	-	-	-	-
		11,701.69	12,175.69	6,875.20	7,304.00	6,059.98	1,447.00
	Less: Revaluation Reserve	528.59	528.59				
	Net Fixed Assets	11,173.10	11,647.10	6,875.20	7,304.00	6,059.98	1,447.00
	(b) Non-Current Investments	-	-	-	-	-	-
	(c) Deferred Tax Assets (Net)	-	288.06	176.23	212.16	-	-
	(d) Long-Term Loans and Advances	73.23	1.03	151.06	156.48	0.44	214.50
	(e) Other Non-Current Assets	0.10	0.20	0.20	-	-	-

(2)	Current Assets	-	-	-	-	-	-
	(a) Current Investments	-	-	-	-	-	-
	(b) Inventories	2,044.27	1,763.08	1,158.20	898.81	-	-
	(c) Trade Receivables	3,349.98	2,503.12	1,215.18	747.59	-	-
	(d) Cash and Cash Equivalents	258.87	124.74	81.01	65.98	62.32	10.09
	(e) Short-Term Loans and Advances	2.17	0.40	2.74	7.55	0.14	-
	(f) Other Current Assets	2,262.72	1,568.26	1,020.41	743.70	7.03	3.38
	TOTAL	19,164.45	17,895.98	10,680.2 2	10,136.2 7	6,129.9 1	1,674. 98

STATEMENT OF PROFIT AND LOSS AS RESTATED
ANNEXURE II

(Rs. in Lacs)

Sl. No.	Particulars	Period Ended 31st Dec. 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
I.	Revenue from Operations	14,775.93	10,530.80	6,738.32	3,855.04	-	-
II.	Other Incomes	8.47	16.82	15.44	8.94	3.83	5.40
III.	Total Revenue (I + II)	14,784.40	10,547.62	6,753.76	3,863.99	3.83	5.40
IV.	Expenses:						
	<u>Manufacturing Expenses</u>						
	Cost of Materials Consumed & Direct Expenses	11,900.40	8,298.00	4,776.06	2,569.48	-	-
	Purchases of Stock-in-Trade	-	-	-	-	-	-
	Changes in Inventories of Finished Goods	14.50	(86.00)	9.51	(36.36)	-	-
	Changes in Inventories Work-in-Progress	7.35	(393.32)	(85.02)	(262.49)	-	-
		-	-	-	-	-	-
	<u>Administrative & Selling Expenses</u>	-	-	-	-	-	-
	Employee Benefit Expenses	309.58	289.17	179.11	81.65	1.20	0.60
	Other Expenses	141.86	183.81	135.54	110.18	1.64	0.47
	Finance Costs	659.12	666.46	421.90	290.55	0.00	0.19
	Depreciation and Amortization Expense	631.28	1,105.34	1,200.39	1,026.40	-	-
V	Total Expenses	13,664.10	10,063.46	6,637.48	3,779.41	2.84	1.26
VI.	Profit before Exceptional and Extraordinary Items and Tax (III - V)	1,120.30	484.16	116.28	84.58	0.99	4.14
VII.	Exceptional Items				-		-
VII I.	Profit before Extraordinary Items and Tax (VI - VII)	1,120.30	484.16	116.28	84.58	0.99	4.14
IX.	Extra Ordinary Items						
X.	Profit before Tax (VIII - IX)	1,120.30	484.16	116.28	84.58	0.99	4.14
XI.	Tax Expense:						
	(1) Current tax	228.42	98.72	23.71	16.45	0.19	1.22
	(2) MAT Credit	(228.42)	(98.72)	(23.71)	(16.45)	-	-
	(3) Deferred Tax	346.17	(111.83)	35.93	(212.39)	0.12	0.11

	Less: Deficit Income Tax Provision for earlier year	-	-	-	-	-	-
XII .	Profit/ (Loss) for the period from Continuing						
	Operations (X - XI)	774.13	595.99	80.35	296.97	0.68	2.81
XII I.	Profit/Loss from Discontinuing Operations	-	-	-	-	-	-
XI V.	Tax Expense of Discontinuing Operations	-	-	-	-	-	-
X V	Profit/ (Loss) from Discontinuing Operations (after Tax)						
	(XIII - XIV)	-	-	-	-	-	-
	Profit/ (Loss) for the Period (XII + XV)	774.13	595.99	80.35	296.97	0.68	2.81

STATEMENT OF CASH FLOW AS RESTATED
ANNEXURE III

(Rs. in Lacs)

Particulars		As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
[A]	CASH FLOW FROM OPERATING ACTIVITIES :						
	Net Profit before Tax	1,120.30	484.16	116.28	84.58	0.99	4.14
Add:	Depreciation	631.28	1,105.34	1,200.39	1,026.40	-	-
	Deferred Revenue Expenditure	0.10	-	(0.20)	-	-	-
	Finance Cost	659.12	666.46	421.90	290.55	0.00	0.19
		2,410.80	2,255.96	1,738.37	1,401.53	0.99	4.33
Less :	Profit on Sale of Fixed Assets	0.16	-	-	-	-	-
	Interest Income	5.50	8.05	6.09	4.59	1.35	-
		2,405.14	2,247.90	1,732.28	1,396.93	(0.36)	4.33
Less :	Adjustment For :						
	Increase/(Decrease) In Inventories	281.19	604.88	259.39	898.81	-	-
	Increase/(Decrease) In Trade Receivable	846.86	1,287.93	467.60	747.59	-	-
	Increase/(Decrease) In Other Current Assets	467.82	446.80	248.19	727.63	3.79	2.91
		809.26	(91.70)	757.10	(977.09)	(4.15)	1.42
Add:	Adjustment For :						
	Increase/(Decrease) In Trade Payables	841.28	735.20	91.95	282.98	-	-
	Increase/(Decrease) In Current Liabilities & Provisions	(248.91)	51.35	198.06	44.05	(486.78)	(188.48)
		1,401.63	694.84	1,047.12	(650.06)	(490.93)	(187.06)
Less :	Taxes Paid	-	-	16.45	0.19	1.22	-
	Net Cash Flow from Operating Activities - [A]	1,401.63	694.84	1,030.67	(650.25)	(492.15)	(187.06)
[B]	Cash Flow from Investing Activities						
Add:	Adjustment For :						
	Interest Income	5.50	8.05	6.09	4.59	1.35	-
		5.50	8.05	6.09	4.59	1.35	-
Less :	Adjustment For :						
	Purchases of Fixed Assets (Net)	157.12	5,877.24	771.58	2,270.42	4,612.98	128.51

	Advances for Capital Goods	72.20	(150.22)	(5.56)	155.77	(214.50)	214.50
	Net Cash Flow From Investing Activities - [B]	(223.82)	(5,718.97)	(759.94)	(2,421.60)	(4,397.12)	(343.01)
[C]	Cash Flow From Financing Activities						
Add:	Proceeds from Share Capital Issued	-	678.60	521.40	699.03	1,516.05	480.00
	Increase(Decrease) in Unsecured Loan / Deposits	-	256.44	86.85	16.57	360.48	55.79
	Increase(Decrease) in Bank Loan	(384.55)	4,799.28	(442.06)	2,650.46	3,064.98	-
Less :	Finance Cost	659.12	666.46	421.90	290.55	0.00	0.19
	Net Cash Flow from Financing Activities - [C]	(1,043.67)	5,067.86	(255.71)	3,075.51	4,941.50	535.60
	Net Increase/(Decrease) in Cash And Cash Equivalents [A+B+C]	134.13	43.73	15.02	3.66	52.22	5.53
	Cash and Cash Equivalents at the Beginning of the Year	124.74	81.01	65.98	62.32	10.09	4.56
	Cash and Cash Equivalents at the End of the Year	258.87	124.74	81.01	65.98	62.32	10.09

ANNEXURE IV & V

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

NOTE : 1

Corporate Information:-

Sumicot Limited [Formerly Known as - Sumeet Poly Power Limited] is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in business of Cotton Spinning Activity.

NOTE : 2

Significant Accounting Policies :

Significant Accounting Policies adopted in the preparation and presentation of the accounts are based in accounting principal set out in Accounting Standards (AS) issued by ICAI as enumerated below:

1. GENERAL:

- (i) The Financial Statements are prepared on the historical cost convention on an accrual basis.
- (ii) Accounting Policies, not specifically referred to otherwise, are in consonance with generally accepted accounting principles.

2. BASIS OF ACCOUNTING :

The Company follows the Mercantile System of Accounting and recognizes Income & Expenditure on accrual basis.

3. FIXED ASSETS AND DEPRECIATION :

Fixed Assets are stated at Cost of Acquisition / construction Less Depreciation. Cost Comprises of purchase price and all other cost attributable to bringing the asset to its working condition for its intended use.

Life of the plant & machinery has been taken as 15 years on triple shift basis. The said estimate is backed with a certificate from chartered engineer.

Effective from 01.04.2017, the Company changed its method of computing depreciation from WDV methods to the straight-line method for the Company's Plant & Machinery.

The Company determined that the change in depreciation method from WDV method to a straight-line method is a change in accounting estimate affected by a change in accounting principle. A change in accounting estimate affected by a change in accounting principle is to be applied prospectively. The change is considered preferable because the straight-line method will more accurately reflect the pattern of usage and the expected benefits of such assets and provide greater consistency with the depreciation methods used by other companies in the Company's industry.

The net book value of Plant & Machinery acquired prior to 01.04.2017 with useful lives remaining will be depreciated using the straight-line method prospectively. For assets, other than stated above, Written-Down Value Method has been adopted for computation of Depreciation. Depreciation has been provided in accordance with the provision of schedule II of the Companies Act 2013.

4. REVENUE AND EXPENDITURE RECONGNITION:

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Income arising on disposal of scrap/waste is recognized on receipt basis.

Revenue in respect of insurance / other claims, interest etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

5. INVESTMENT :

There are NO Investment made by the company.

6. INVENTORIES : Inventories are valued as below:

- a) Store & Spares : At Cost
- b) Raw material : At Cost
- c) Work in Progress : At Cost + Procurement Charges
- d) Finished Goods : At Cost or Net Realizable Value whichever is lower.

7. CONTINGENT LIABILITIES :

These are disclosed by way of notes on the Balance Sheet, if any. Provision is made in the accounts in respect of those liabilities which are likely to materialize after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

8. IMPAIRMENT OF ASSETS :

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset identified as impaired. The impairment loss recognized in previous years is reversed if there has been a change in estimate of recoverable amount.

9. PRIOR PERIOD ADJUSTMENTS :

Prior period items noted during the period are debited / credited to respective heads of account being not material in nature.

10. GOVERNMENT GRANTS :

Grants in the nature of interest subsidy under Technology Upgradation Fund Scheme (TUFS) are accounted for when it is reasonably certain that ultimate collection will be made.

Government grants not specifically related to fixed assets are recognized in the Profit & Loss Account in the year of accrual / receipt.

11. TAXATION :

Current tax is provided on the basis of estimated taxable income in accordance with income Tax Act, 1961 using applicable tax rates and tax laws.

Deferred tax assets / liabilities arising on account of timing difference between taxable and accounting income / expenditure, that originate in one period and are capable of reversal in subsequent period(s). Deferred Tax Assets are recognized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

12. SEGMENT REPORTING:

The Requirement of segment reporting is not applicable to the Company both in respect of geographical segment and product wise segment.

13. EMPLOYEE BENEFIT EXPENSES:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employee has rendered the services. Presently no employee has become entitled for the gratuity under payment of the Gratuity Act, 1972 and shall be accounted in the year of payment.

14. EARNING PER SHARE:

Basic earning per share is computed by dividing the net profit for the year end after prior period adjustments attributable to equity shareholders by equity shares outstanding at the end of the year.

OTHER NOTES ON ACCOUNTS :

1. Inventories are as taken, valued and certify by the management, and no physical verification was carried by the Auditors.
2. Debit / Credits in respect of rate difference and quantity discount for the purchase and / or sales are accounted for on the basis of its receipt / payments or as per the counter advise from the party.
3. Balance of Sundry Debtors, Creditors and Loans & Advances are subject to confirmation.
4. The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.
5. The Company has not received any intimation from supplier regarding their status under Micro, Small and Medium Enterprises Development Act 2006 and hence we are unable to comment on the outstanding dues and interest thereon.
6. As informed by the Company and based on auditor's verification, no employee has become entitled for the gratuity under payment of the Gratuity Act, 1972 and shall be accounted in the year of payment.
7. Previous year figure have been regrouped or rearranged wherever considered necessary and have been rounded of nearest to the rupees.



DETAILS OF SHARE CAPITALAS RESTATED
Annexure – VI

(Rs. in Lacs)

i) **Details of Share Capital**

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<u>Equity Share Capital</u>						
Authorised Share capital						
Equity Share of Rs. 10/- each	875.00	875.00	875.00	750.00	750.00	245.00
	875.00	875.00	875.00	750.00	750.00	245.00
Issued, Subscribed & Fully Paid Up Share Capital						
Equity Share of Rs. 10/- each	867.00	867.00	750.00	655.20	525.75	245.00
T O T A L	867.00	867.00	750.00	655.20	525.75	245.00

ii) **Reconciliation of number of shares outstanding at the end of year**

Particulars	As at 31st	As at 31st	As at 31st	As at 31st	As at 31st	As at 31st

	Dec. 2017	March 2017	March 2016	March 2015	March 2014	March 2013
Equity shares at the beginning of the year	86.70	75.00	65.52	52.58	24.50	0.50
Add: Shares Allotted during the year	-	11.70	9.48	12.95	28.08	24.00
Equity Shares at the end of the year	86.70	86.70	75.00	65.52	52.58	24.50

iii) **Details of shareholders holding more than 5% of the aggregate shares in the company**

Name of Shareholder	As at 31st Dec. 2017		As at 31st March 2017		As at 31st March 2016		As at 31st March 2015		As at 31st March 2014		As at 31st March 2013	
	No. Of Shares	Percentage	No. Of Shares	Percentage	No. Of Shares	Percentage	No. Of Shares	Percentage	No. Of Shares	Percentage	No. Of Shares	Percentage
Sumeet Industries Ltd.	17.30	19.95 %	17.30	19.95%	17.30	23.07 %	17.30	26.40 %	17.30	32.91 %	12.00	48.98 %
Dhanvradhi Financial Consultants Pvt. Ltd.	15.33	17.68 %	15.33	17.68%	11.59	15.45 %	11.59	17.69 %	11.59	22.04 %	-	
Betex India Limited	13.71	15.81 %	13.71	15.81%	13.71	18.28 %	9.17	14.00 %	4.08	7.76%	-	
Rangila Fabrics Pvt. Ltd.	11.79	13.60 %	11.79	13.60%	11.79	15.72 %	11.79	17.99 %	8.98	17.08 %	7.50	30.61 %
National Polyarn Private Limited	6.67	7.69%	6.67	7.69%	4.94	6.59%	-		-		-	

Sumeet Menthol Private Limited	6.23	7.19%	6.23	7.19%	-		-		-		-	
Somani Overseas Private Limited	5.54	6.39%	5.54	6.39%	5.54	7.39%	5.54	8.46%	5.45	10.37%	-	
Akashganga Processors Pvt. Ltd.	4.00	4.61%	4.00	4.61%	4.00	5.33%	4.00	6.11%	-		-	
Rajkumar Somani	1.82	2.10%	1.82	2.10%	1.82	2.43%	1.82	2.78%	1.82	3.46%	1.82	7.43%

DETAILS OF RESERVES & SURPLUS AS RESTATED
– VII

Annexure

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<u>Securities Premium</u>						
As per last Balance Sheet	3,033.08	2,471.48	2,044.88	1,475.30	240.00	-
Addition during the year	-	561.60	426.60	569.58	1,235.30	240.00
Closing Balance	3,033.08	3,033.08	2,471.48	2,044.88	1,475.30	240.00
<u>Surplus (Profit & Loss Account)</u>						
Opening Balance	976.61	380.63	300.27	3.30	2.62	(0.18)
Add: Profit for the year	774.13	595.99	80.35	296.97	0.68	2.81
Closing Balance	1,750.74	976.61	380.63	300.27	3.30	2.62
TOTAL	4,783.82	4,009.69	2,852.11	2,345.15	1,478.60	242.62

DETAILS OF LONG TERM BORROWINGS AS RESTATED

ANNEXURE VIII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<u>Secured Loan:</u>						
-- Term Loan From SBI	2,331.73	2,834.05	3,329.56	3,991.23	3,064.98	-
-- Term Loan From BOB	1,987.78	2,142.88	261.75	-	-	-
-- Term Loan From IDBI	1,989.04	2,142.84	-	-	-	-
-- Vehicle Loan from ICICI Bank - Ertiga	-	-	1.75	3.92	-	-
-- Vehicle Loan from ICICI Bank- Ertiga- 2	3.79	5.35	-	-	-	-

-- Vehicle Loan from ICICI Bank - Commercial Vehicle	-	1.02	3.31	5.37	-	-
-- Vehicle Loan from ICICI Bank - Ecco	1.66	-	-	-	-	-
-- Vehicle Loan from ICICI Bank - Omani	-	-	0.27	1.05	-	-
Unsecured						
Loans and advances from Related Parties	1,417.56	1,417.56	1,160.94	1,073.95	1,056.84	696.15
Loans and advances from others	-	-	-	-	0.27	-
TOTAL	7,731.56	8,543.70	4,757.58	5,075.52	4,122.09	696.15

NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM BORROWINGS

Facility	Nature of Security & Terms of Repayment
Term Loan From State Bank of India, Bank of Baroda and IDBI Bank(including current maturities):	Secured by way of equitable mortgage of Factory Land and Building, hypothecation of proposed Plant & Machinery / Furniture & Fixtures. Charge over residual value of the entire fixed is given as collateral security and further secured by Personal Guarantee of Directors and Corporate Guarantee of Dhanvirdhi Financial Consultants Private Limited. Term Loan from SBI is further secured by Corporate Guarantee of Sumeet Industries Limited.
Vehicle Loans from ICICI Bank:	Secured by way of hypothecation of respective vehicle
Unsecured Loan:	Unsecured loan are repayable on demand after seven years. Prepayment is allowed. Interest payable @ 9%pa.

**DETAILS OF DEFERRED TAX LIABILITIES (NET) AS RESTATED
ANNEXURE IX**

(Rs. in Lacs)

Particulars	Upto Dec. 2017	2016-17	2015-16	2014-15	2013-14	2012-13
Difference between carrying amount of Fixed Assets as	1,571.71	880.18	371.93	917.17	-	-

per books and as per income Tax						
Depreciation Loss Carried Forward	(1,385.12)	(1,814.27)	(943.75)	(1,604.90)	-	-
Difference between carrying amount of Preliminary Expenses as per books and as per Income Tax	1.49	1.86	1.49	1.12	0.74	0.37
Total Liability / (Assets)	188.08	(932.23)	(570.33)	(686.61)	0.74	0.37
Deferred Tax Liability / (Assets) to be recognised in Balance Sheet	58.12	(288.06)	(176.23)	(212.16)	0.23	0.11
Transfer to P & L A/c	346.17	(111.83)	35.93	(212.39)	0.12	0.11

DETAILS OF LONG TERM LIABILITIES AS RESTATED
ANNEXURE – X

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Any Other Long Term Liabilities	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

DETAILS OF LONG TERM PROVISIONS AS RESTATED
ANNEXURE – XI

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Long Term Provisions	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

DETAILS OF SHORT TERM BORROWINGS AS RESTATED
ANNEXURE-XII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Secured Loans:						
Cash Credit Accounts with Banks:						
-- Bank of Baroda	663.77	674.80	504.21	503.73	-	-
-- State Bank of India	1,072.81	894.20	510.50	548.62	-	-
-- Central Bank of India	261.85	-	-	-	-	-
Other Loans	-	-	-	-	-	0.04
T O T A L	1,998.43	1,569.00	1,014.72	1,052.36	-	0.04

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG
TERM BORROWINGS**

Facility	Nature of Security & Terms of Repayment
Cash Credit Facilities From Bank of Baroda, State Bank of India, and Central Bank of India:	Secured by way of Hypothecation of Stock and Book Debts. Charge over residual value of the entire fixed is given as collateral security. The same is further secured by way of personal guarantees of directors.

DETAILS OF TRADE PAYABLES AS RESTATED
ANNEXURE-XIII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Trade Payables	1,951.41	1,110.14	374.94	282.98	-	-
T O T A L	1,951.41	1,110.14	374.94	282.98	-	-

DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED
ANNEXURE – XIV

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013

Current maturities of long term debt

Term Loan From SBI	657.00	657.00	657.00	657.00	-	-
Term Loan From BOB	357.12	357.12	-	-	-	-
Term Loan From IDBI	357.16	357.16	-	-	-	-
Vehicle Loan from ICICI Bank - Ertiga	-	1.75	2.17	1.95	-	-
Vehicle Loan from ICICI Bank - Ertiga 2	2.06	1.92	-	-	-	-
Vehicle Loan from ICICI Bank - Commercial Vehicle	1.61	2.29	2.06	1.86	-	-
Vehicle Loan from ICICI Bank - Ecco	0.73	-	-	-	-	-
Vehicle Loan from ICICI Bank - Omani	-	0.27	0.78	0.70	-	-

Other payables

Director's Remuneration Payable	-	-	-	2.40	1.20	-
Advance Received from Customers	15.02	15.02	15.02	5.09	-	-
Employees Expenses Payable	28.19	28.60	15.90	12.19	-	-
Payables for Capital Goods [Net of Advance]	-	114.07	-	-	-	484.81
Statutory Dues	4.38	138.82	214.24	25.65	1.51	4.75
Others	-	-	-	-	0.33	0.08
T O T A L	1,423.27	1,674.02	907.17	706.84	3.04	489.64

DETAILS OF SHORT TERM PROVISIONS AS RESTATED
ANNEXURE- XV
(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Provision for Income Tax	350.84	122.42	23.71	16.45	0.19	1.22
Provision for Interest on Income Tax	0.00	0.00	0.00	1.76	0.00	0.19
T O T A L	350.84	122.42	23.71	18.22	0.19	1.41

DETAILS OF FIXED ASSETS AS RESTATED
ANNEXURE -XVI

(Rs. in Lacs)

01.04.2017 to 31.12.2017

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS ON 01.04.2017	ADDITI ONS DURING THE YEAR	SALE / DISPO SAL DURING THE YEAR	TOTA L AS ON 31.12.2017	UPTO 01.04.2017	FOR THE YEAR	ADJU STME NT	UPTO 31.12.2017	NET CARRY ING AMOU NT AS ON 31.12.2017	NET CARRY ING AMOU NT AS ON 31.03.2017
[A] TANGIBLE ASSETS										
Factory Land	1,285.21	-	-	1,285.21	-	-	-	-	1,285.21	1,285.21
Factory Building	1,373.04	20.02	-	1,393.05	318.32	76.12	-	394.44	998.61	1,054.72
Factory Building - 2nd Plant	1,245.28	81.41	-	1,326.69	29.00	90.43	-	119.44	1,207.25	1,216.28
Plant & Machinery	5,221.11	3.52	-	5,224.63	2,130.61	169.89	-	2,300.50	2,924.13	3,090.50
Plant & Machinery - 2nd Plant	5,640.39	21.78	-	5,662.17	256.61	260.15	-	516.76	5,145.40	5,383.78
Electric Fittings	58.06	-	-	58.06	31.11	5.23	-	36.35	21.72	26.95
Electric Fittings - 2nd Plant	85.76	15.60	-	101.36	4.94	17.63	-	22.57	78.79	80.82
Office Equipment	14.74	3.71	-	18.45	11.14	2.15	-	13.28	5.17	3.61
Furniture & Fixtures	26.78	6.94	-	33.72	7.67	4.78	-	12.45	21.27	19.11
Computer & Printer	7.40	1.64	-	9.04	5.11	1.62	-	6.73	2.30	2.28
Computer Server	0.65	-	-	0.65	0.47	0.05	-	0.53	0.12	0.18

Vehicle - Car	20.81	3.78	3.45	21.14	8.54	3.23	2.34	9.43	11.71	12.27
SUB T O T A L [A]	14,979.22	158.39	3.45	15,134.16	2,803.53	631.28	2.34	3,432.47	11,701.69	12,175.69
[B] CAPITAL WORK IN PROGRESS	-	-	-	-	-	-	-	-	-	-
SUB T O T A L [B]	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL [A+B]	14,979.22	158.39	3.45	15,134.16	2,803.53	631.28	2.34	3,432.47	11,701.69	12,175.69
PREVIOUS YEAR	9,101.98	12,460.30	6,583.06	14,979.22	2,226.78	1,105.34	(528.59)	2,803.53	12,175.69	6,875.20

F.Y. 2016-17

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS ON 01.04.2016	ADDITI ONS DURING THE YEAR	SALE / DISPO SAL DURING THE YEAR	TOTA L AS ON 31.03.2017	UPTO 01.04.2016	FOR THE YEAR	ADJU STME NT	UPTO 31.03.2017	NET CARRY ING AMOU NT AS ON 31.03.2017	NET CARRY ING AMOU NT AS ON 31.03.2016
[A] TANGIBLE ASSETS										
Factory Land	1,285.21	-	-	1,285.21	-	-	-	-	1,285.21	1,285.21
Factory Building	1,373.04	-	-	1,373.04	207.60	110.72	-	318.32	1,054.72	1,165.43
Factory Building - 2nd Plant	-	1,245.28	-	1,245.28	-	29.00	-	29.00	1,216.28	-
Plant & Machinery	5,221.11	-	-	5,221.11	1,976.19	683.00	(528.59)	2,130.61	3,090.50	3,244.92
Plant & Machinery - 2nd Plant	-	5,640.39	-	5,640.39	-	256.61	-	256.61	5,383.78	-

Electric Fittings	58.06	-	-	58.06	21.70	9.41	-	31.11	26.95	36.36
Electric Fittings - 2nd Plant	-	85.76	-	85.76	-	4.94	-	4.94	80.82	-
Office Equipment	14.74	-	-	14.74	8.18	2.96	-	11.14	3.61	6.56
Furniture & Fixtures	12.87	13.91	-	26.78	4.57	3.10	-	7.67	19.11	8.30
Computer & Printer	5.25	2.14	-	7.40	3.66	1.46	-	5.11	2.28	1.60
Computer Server	0.65	-	-	0.65	0.36	0.11	-	0.47	0.18	0.29
Vehicle - Car	12.12	8.70	-	20.81	4.53	4.02	-	8.54	12.27	7.59
SUB T O T A L [A]	7,983.05	6,996.18	-	14,979.22	2,226.78	1,105.34	(528.59)	2,803.53	12,175.69	5,756.26
<u>[B] CAPITAL WORK IN PROGRESS</u>										
Factory Building	661.16	443.89	1,105.05	-	-	-	-	-	-	661.16
Furniture Fixture	10.36	-	10.36	-	-	-	-	-	-	10.36
Electrical Fittings	-	68.38	68.38	-	-	-	-	-	-	-
Plant & Machinery	281.71	4,951.86	5,233.58	-	-	-	-	-	-	281.71
Preoperative Expenses	165.70	-	165.70	-	-	-	-	-	-	165.70
Advances for Capital WIP (Net of Payables)	-	-	-	-	-	-	-	-	-	-
SUB T O T A L [B]	1,118.94	5,464.12	6,583.06	-	-	-	-	-	-	1,118.94
GRAND TOTAL [A+B]	9,101.98	12,460.30	6,583.06	14,979.22	2,226.78	1,105.34	(528.59)	2,803.53	12,175.69	6,875.20
PREVIOUS YEAR	8,330.40	950.04	178.46	9,101.98	1,026.40	1,200.39	-	2,226.78	6,875.20	7,304.00

F.Y. 2015-16

PARTICULARS	GROSS BLOCK	DEPRECIATION BLOCK	NET BLOCK

	COST AS ON 01.04.2 015	ADDITI ONS DURIN G THE YEAR	SALE / DISPO SAL DURIN G THE YEAR	TOTA L AS ON 31.03.2 016	UPTO 01.04.2 015	FOR THE YEAR	ADJU STME NT	UPTO 31.03.2 016	NET CARRY ING AMOU NT AS ON 31.03.20 16	NET CARRY ING AMOU NT AS ON 31.03.20 15
<u>[A] TANGIBLE ASSETS</u>										
Factory Land	1,439.0 9	-	153.88	1,285.2 1	-	-	-	-	1,285.21	1,439.09
Factory Building	1,373.0 4	-	-	1,373.0 4	85.27	122.34	-	207.60	1,165.43	1,287.77
Plant & Machinery	5,157.9 7	87.72	24.58	5,221.1 1	924.25	1,051.95	-	1,976.1 9	3,244.92	4,233.72
Electric Fittings	57.39	0.67	-	58.06	9.21	12.49	-	21.70	36.36	48.19
Office Equipment	12.51	2.23	-	14.74	3.37	4.80	-	8.18	6.56	9.13
Furniture & Fixtures	12.00	0.87	-	12.87	1.71	2.86	-	4.57	8.30	10.29
Computer & Printer	3.93	1.33	-	5.25	1.35	2.31	-	3.66	1.60	2.58
Computer Server	0.65	-	-	0.65	0.17	0.19	-	0.36	0.29	0.48
Vehicle - Car	12.12	-	-	12.12	1.08	3.45	-	4.53	7.59	11.04
SUB T O T A L [A]	8,068.6 8	92.82	178.46	7,983.0 5	1,026.4 0	1,200.39	-	2,226.7 8	5,756.26	7,042.28
<u>[B] CAPITAL WORK IN PROGRESS</u>										
Factory Building	178.41	482.75	-	661.16	-	-	-	-	661.16	178.41
Computers	-	-	-	-	-	-	-	-	-	-
Furniture Fixture	10.36	-	-	10.36	-	-	-	-	10.36	10.36
Vehicle	-	-	-	-	-	-	-	-	-	-
Plant & Machinery	72.95	208.77	-	281.71	-	-	-	-	281.71	72.95
Preoperative Expenses	-	165.70	-	165.70	-	-	-	-	165.70	-

Advances for Capital WIP (Net of Payables)	-	-	-	-	-	-	-	-	-	-
SUB T O T A L [B]	261.71	857.22	-	1,118.94	-	-	-	-	1,118.94	261.71
GRAND TOTAL [A+B]	8,330.40	950.04	178.46	9,101.98	1,026.40	1,200.39	-	2,226.78	6,875.20	7,304.00
PREVIOUS YEAR	6,059.98	6,891.31	4,620.89	8,330.40	-	1,026.40	-	1,026.40	7,304.00	6,059.98

F.Y. 2014-15

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS ON 01.04.2014	ADDITI ONS DURING THE YEAR	SALE / DISPO SAL DURING THE YEAR	TOTA L AS ON 31.03.2015	UPTO 01.04.2014	FOR THE YEAR	ADJUS TMEN T	UPTO 31.03.2015	NET CARRY ING AMOU NT AS ON 31.03.2015	NET CARRY ING AMOU NT AS ON 31.03.2014
[A] TANGIBLE ASSETS										
Factory Land	1,461.40	-	22.31	1,439.09	-	-	-	-	1,439.09	1,461.40
Factory Building	-	1,373.04	-	1,373.04	-	85.27	-	85.27	1,287.77	-
Plant & Machinery	-	5,157.97	-	5,157.97	-	924.25	-	924.25	4,233.72	-
Electric Fittings	-	57.39	-	57.39	-	9.21	-	9.21	48.19	-
Office Equipment	-	12.51	-	12.51	-	3.37	-	3.37	9.13	-
Furniture & Fixtures	-	12.00	-	12.00	-	1.71	-	1.71	10.29	-
Computer & Printer	-	3.93	-	3.93	-	1.35	-	1.35	2.58	-
Computer Server	-	0.65	-	0.65	-	0.17	-	0.17	0.48	-
Vehicle - Car	-	12.12	-	12.12	-	1.08	-	1.08	11.04	-

SUB T O T A L [A]	1,461.40	6,629.60	22.31	8,068.68	-	1,026.40	-	1,026.40	7,042.28	1,461.40
<u>[B] CAPITAL WORK IN PROGRESS</u>										
Factory Building	1,051.35	178.41	1,051.35	178.41	-	-	-	-	178.41	1,051.35
Computers	0.10	-	0.10	-	-	-	-	-	-	0.10
Furniture Fixture	0.37	10.36	0.37	10.36	-	-	-	-	10.36	0.37
Vehicle	3.62	-	3.62	-	-	-	-	-	-	3.62
Plant & Machinery	4,414.10	72.95	4,414.10	72.95	-	-	-	-	72.95	4,414.10
Preoperative Expenses	117.02	-	117.02	-	-	-	-	-	-	117.02
Advances for Capital WIP (Net of Payables)	(987.97)	-	(987.97)	-	-	-	-	-	-	(987.97)
SUB T O T A L [B]	4,598.58	261.71	4,598.58	261.71	-	-	-	-	261.71	4,598.58
GRAND TOTAL [A+B]	6,059.98	6,891.31	4,620.89	8,330.40	-	1,026.40	-	1,026.40	7,304.00	6,059.98
PREVIOUS YEAR	1,447.00	4,612.98	-	6,059.98	-	-	-	-	6,059.98	1,447.00

F.Y. 2013-14

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS ON 01.04.2013	ADDITI ONS DURING THE YEAR	SALE / DISPO SAL DURING THE YEAR	TOTA L AS ON 31.03.2014	UPTO 01.04.2013	FOR THE YEAR	ADJUS TMEN T	UPTO 31.03.2014	NET CARRY ING AMOU NT AS ON 31.03.2014	NET CARRY ING AMOU NT AS ON 31.03.2013
TANGIBLE ASSETS										

Land	1,415.23	46.17	-	1,461.40	-	-	-	-	1,461.40	1,415.23
CAPITAL WORK IN PROGRESS										
Cotton Plant Factory-Building	-	1,051.35	-	1,051.35	-	-	-	-	1,051.35	-
Cotton Plant - Computers	-	0.10	-	0.10	-	-	-	-	0.10	-
Cotton Plant-Furniture Fixture	-	0.37	-	0.37	-	-	-	-	0.37	-
Cotton Plant-Vehicle	-	3.62	-	3.62	-	-	-	-	3.62	-
Cotton plant-Plant & Machinery	-	4,414.10	-	4,414.10	-	-	-	-	4,414.10	-
Preoperative Expenses	31.77	85.25	-	117.02	-	-	-	-	117.02	31.77
Payables for Capital WIP (Net of Advances)	-	(987.97)	-	(987.97)	-	-	-	-	(987.97)	-
TOTAL	1,447.00	4,612.98	-	6,059.98	-	-	-	-	6,059.98	1,447.00
Previous Year	1,318.49	128.51	-	1,447.00	-	-	-	-	1,447.00	1,318.49

F.Y. 2012-13

PARTICULARS	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	COST AS ON 01.04.2013	ADDITI ONS DURING THE YEAR	SALE / DISPO SAL DURING THE YEAR	TOTA L AS ON 31.03.2014	UPTO 01.04.2013	FOR THE YEAR	ADJUS TMEN T	UPTO 31.03.2014	NET CARRY ING AMOU NT AS ON 31.03.2014	NET CARRY ING AMOU NT AS ON 31.03.2013
TANGIBLE ASSETS										
Land	1,318.49	96.74	-	1,415.23	-	-	-	-	1,415.23	1,318.49

CAPITAL WORK IN PROGRESS										
Preoperative Expenses (Capitalised)	-	31.77	-	31.77	-	-	-	-	31.77	-
TOTAL	1,318.49	128.51	-	1,447.00	-	-	-	-	1,447.00	1,318.49
Previous Year	-	1,318.49	-	1,318.49	-	-	-	-	1,318.49	-

DETAILS OF NON CURRENT INVESTMENTS AS RESTATED
ANNEXURE -XVII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Non-Current Investments	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

DETAILS OF LONG TERM LOANS AND ADVANCES AS RESTATED
ANNEXURE – XVIII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Security Deposit	1.03	1.03	0.84	0.71	0.44	-
Advance for Capital Goods	72.20	-	150.22	155.77	-	214.50
TOTAL	73.23	1.03	151.06	156.48	0.44	214.50

DETAILS OF OTHER NON CURRENT ASSETS AS RESTATED
ANNEXURE – XIX

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Deferred Revenue Expenses	0.10	0.20	0.20	-	-	-
TOTAL	0.10	0.20	0.20	-	-	-

DETAILS OF CURRENT INVESTMENTS AS RESTATED

ANNEXURE -XX

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Current Investments	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

DETAILS OF INVENTORIES AS RESTATED
ANNEXURE – XXI

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Raw Material	1,010.88	819.89	720.23	551.94	-	-
Finished Goods	98.36	112.86	26.86	36.36	-	-
Work in Progress	733.48	740.83	347.51	262.49	-	-
Packing Material	18.36	18.25	17.18	24.01	-	-
Stores & Spares	183.20	71.25	46.42	24.01	-	-
T O T A L	2,044.27	1,763.08	1,158.20	898.81	-	-

DETAILS OF TRADE RECEIVABLES AS RESTATED
ANNEXURE-XXII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<u>Unsecured, considered good</u>						
- Outstanding for a period exceeding six months	67.46	13.90	6.95	-	-	-
- From Related Parties	4.67	-	(52.80)	316.15	-	-
- Others	3,277.86	2,489.22	1,261.03	431.44	-	-
T O T A L	3,349.98	2,503.12	1,215.18	747.59	-	-

DETAILS OF CASH AND BANK BALANCES AS RESTATED
ANNEXURE- XXIII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Balance with Banks	2.33	(23.79)	0.80	0.73	0.08	0.57
Cash On Hand	54.54	1.16	0.07	22.54	0.02	9.53
Fixed Deposits With Bank	201.99	147.37	80.14	42.71	62.22	-

TOTAL	258.87	124.74	81.01	65.98	62.32	10.09

DETAILS OF SHORT TERM LOANS AND ADVANCES AS RESTATED
ANNEXURE – XXIV

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Advances to Creditors	0.20	-	2.74	6.80	-	-
Other Advances	1.97	0.40	-	0.75	0.14	-
TOTAL	2.17	0.40	2.74	7.55	0.14	-

DETAILS OF OTHER CURRENT ASSETS AS RESTATED
ANNEXURE - XXV

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Preliminary Expenses	1.48	2.87	4.25	5.64	7.03	3.33
Other Current Assets	-	-	-	-	-	0.05
Prepaid Insurance	6.87	2.81	1.57	1.72	-	-
Balance with Revenue Authorities	82.10	385.99	58.70	51.85	-	-
Electricity Duty Refundable A/C	-	-	-	73.14	-	-
Electricity Tariff Refundable A/C	264.09	45.10	106.58	75.53	-	-
Add. Vat Refundable A/C	99.39	81.29	92.29	31.32	-	-
Interest Refundable A/C (Central)	39.93	46.71	56.09	63.33	-	-
Interest Refundable A/C (State)	205.54	68.30	91.77	299.46	-	-
Interest Subsidy Refundable (State) - New Plant	368.35	149.15	-	-	-	-
MAT Credit Receivable	367.29	138.88	40.16	16.45	-	-
SGST Refundable A/C	218.80	-	-	-	-	-
VAT Refundable A/C	608.89	647.17	569.00	125.27	-	-
TOTAL	2,262.72	1,568.26	1,020.41	743.70	7.03	3.38

DETAILS OF REVENUE FROM OPERATION AS RESTATED
ANNEXURE - XXVI

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
a) Turnover of products manufactured by the Company	14,775.93	10,530.80	6,738.32	3,855.04	-	-
b) Turnover of products traded	-	-	-	-	-	-
Total	14,775.93	10,530.80	6,738.32	3,855.04	-	-
Turnover in respect of products not normally dealt in by the issuer but included in (b) above	-	-	-	-	-	-

DETAILS OF OTHER INCOME AS RESTATED
ANNEXURE – XXVII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013	Nature
Other income	8.47	16.82	15.44	8.94	3.83	5.40	
	-	-	-	-	-	-	
Net Profit Before Tax as Restated	1,120.30	484.16	116.28	84.58	0.99	4.14	
Percentage	0.76	3.47	13.27	10.58	388.14	130.41	

Source of Income

Interest Income	5.50	8.05	6.09	4.59	1.35	-	Recurring and not related to business activity.
Discount Received	2.81	7.55	9.33	-	-	-	Recurring and related to business activity.

Profit on Sale of Fixed Assets	0.16	-	-	-	-	-	Non recurring and not related to business activity.
Miscellaneous Receipts	-	1.22	0.01	4.35	2.48	5.40	Non recurring and not related to business activity.
Total Other income	8.47	16.82	15.44	8.94	3.83	5.40	

DETAILS OF COST OF MATERIAL CONSUMED & DIRECT EXPENSES AS RESTATED

ANNEXURE – XXVIII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
<u>Cost of Material Consumed & Direct Expenses :</u>						
<u>[A] Raw material consumed</u>						
Cotton						
Opening stock	701.11	720.23	551.94	-	-	-
Add: Purchases	7,637.22	5,779.82	3,924.70	2,583.41	-	-
	8,338.33	6,500.05	4,476.64	2,583.41	-	-
Less: Closing stock	678.10	701.11	720.23	551.94	-	-
Sub Total [I]	7,660.22	5,798.94	3,756.41	2,031.48	-	-
Cotton Fabric						
Opening stock	-	-	-	-	-	-
Add: Purchases	-	293.94	-	-	-	-
	-	293.94	-	-	-	-
Less: Closing stock	-	-	-	-	-	-
Sub Total [II]	-	293.94	-	-	-	-
Yarn						

Opening stock	118.78	-	-	-	-	-
Add: Purchases	2,767.76	1,081.01	-	-	-	-
	2,886.54	1,081.01	-	-	-	-
Less: Closing stock	332.78	118.78	-	-	-	-
Sub Total [III]	2,553.76	962.23	-	-	-	-
Total [I + II + III]	10,213.99	7,055.11	3,756.41	2,031.48	-	-
[B] Direct/Production Expenses						
Clearing And Forwarding Charges	-	0.27	0.07	0.25	-	-
Electricity Expenses	1,249.43	924.84	726.35	414.99	-	-
Factory Expenses	0.04	0.15	0.35	0.27	-	-
Fuel Expenses	5.14	5.36	4.99	5.33	-	-
Job Work Charges	-	-	1.62	5.69	-	-
Labour Charges	0.06	-	-	-	-	-
Loading & Unloading Expenses	98.52	43.73	17.71	6.37	-	-
Machinery Expenses	-	0.00	0.48	0.25	-	-
Other Manufacturing Expenses	16.73	6.79	-	-	-	-
Packing Material Consumed	145.03	109.06	96.21	31.52	-	-
Repairs & Maintenance	5.92	6.54	3.04	3.42	-	-
Store & Spare Consumed	20.14	39.01	45.39	6.43	-	-
Testing Expenses	4.14	3.84	3.15	1.55	-	-
Transportation & Freight Expenses	123.65	85.26	105.57	53.05	-	-
Vehicle Running Expenses	5.00	5.30	2.70	1.51	-	-
Vehicle Repairs & Maintenance Expenses	0.76	0.68	0.66	0.10	-	-
Water Charges	11.85	12.06	11.36	7.27	-	-
Sub Total [B]	1,686.42	1,242.89	1,019.65	538.00	-	-
Total [A + B]	11,900.40	8,298.00	4,776.06	2,569.48	-	-

DETAILS OF EMPLOYEE BENEFIT EXPENSES AS RESTATED
ANNEXURE – XXIX

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Director's Remuneration	13.50	12.00	-	2.40	-	-
Salaries and Wages	239.29	243.40	157.96	63.80	1.20	0.60

Contribution to PF and Other Funds	14.79	16.48	11.80	3.93	-	-
Staff Welfare Expenses	42.00	17.29	9.35	11.52	-	-
T O T A L	309.58	289.17	179.11	81.65	1.20	0.60

DETAILS OF OTHER EXPENSES AS RESTATED
ANNEXURE – XXX

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Administrative and Selling Expenses:						
Advertising Expenses	-	-	-	0.07	-	-
Auditors' Remuneration	-	0.40	0.29	0.25	0.25	0.03
Business Promotion Expenses	-	-	1.35	-	-	-
Commission and Brokerage Expenses	41.71	31.26	30.57	14.35	-	-
Consultancy Charges	0.65	1.30	0.90	0.19	-	-
Conveyance Expenses	1.58	3.93	2.00	3.64	-	0.01
Demat Expenses	-	-	-	-	0.00	-
Discount / Rebate	19.18	13.31	-	11.09	-	-
Donation Expenses	0.17	0.25	0.15	-	-	-
Franking Charges	8.59	0.11	0.09	16.53	-	-
General Expenses	14.40	41.97	24.44	17.32	-	0.02
Hire Charges	-	-	-	0.50	-	-
Insurance Expenses	5.35	11.02	4.34	2.95	-	-
Legal Expenses	0.27	3.88	0.77	0.35	-	-
Loss on Sale of Fixed Assets	-	-	-	2.01	-	-
Membership & Subscription Expenses	0.31	-	1.14	-	-	-
Miscellaneous Expenses	0.00	0.03	0.78	0.54	-	-
Office Expenses	0.16	0.04	0.07	1.31	-	-
Postage Stamp and Courier Expenses	1.64	2.12	1.48	1.36	-	-
Preliminary Exp. w/off	1.39	1.39	1.39	1.39	1.39	0.37
Printing & Stationery	2.11	2.29	2.12	1.59	-	0.03
Professional Fees	3.87	15.85	14.06	2.05	-	0.03
Rate Difference	-	-	-	0.09	-	-
Rates & Taxes	5.57	11.31	4.88	5.82	-	-
Rent Expenses	10.22	19.45	18.63	16.65	-	-
Repair & Maintenance	0.61	0.56	0.56	-	-	-
Security Charges	20.05	20.30	22.37	8.41	-	-
Sundry Balances Written Off	0.11	-	-	-	-	-
Telephone & Internet Expense	1.14	1.98	2.45	1.16	-	-

Travelling Expenses	2.77	1.07	0.72	0.59	-	-
TOTAL	141.86	183.81	135.54	110.18	1.64	0.47

DETAILS OF FINANCE EXPENSES AS RESTATED
ANNEXURE – XXXI

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Interest Expenses						
Interest On Vehicle Loan	0.78	1.27	1.37	0.62	-	-
Interest On Term Loan	360.56	255.20	226.61	123.62	-	-
Interest Paid To Bank On Working Capital	159.89	174.59	152.19	37.15	-	-
Interest Paid To Other	98.06	182.51	2.36	110.39	-	-
Other Interest	2.12	1.81	2.19	0.62	-	-
Interest on Income Tax	-	-	-	1.76	-	0.19
	621.42	615.38	384.72	274.15	-	0.19
Other Borrowing Costs						
Bank Charges	37.70	51.08	37.18	16.39	-	-
	37.70	51.08	37.18	16.39	-	-
TOTAL	659.12	666.46	421.90	290.55	-	0.19

DETAILS OF DEPRECIATION & AMORTISATION AS RESTATED
ANNEXURE – XXXII

(Rs. in Lacs)

Particulars	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Depreciation and Amortization Expense						
Depreciation Expenses	631.28	1,105.34	1,200.39	1,026.40	-	-
TOTAL	631.28	1,105.34	1,200.39	1,026.40	-	-

CAPITALISATION STATEMENT AS AT 31ST DECEMBER 2017
XXXIII

ANNEXURE –

(Rs. in Lacs)

Particulars	Pre Issue	Post Issue
Borrowings		
-- Short Term Debt [A]	1,998.43	
-- Long Term Debt [B]	9,107.24	
Total debts [C]	11,105.67	
Shareholders' funds		
-- Equity share capital [D]	867.00	
-- Reserve and surplus - as restated [E]	4,783.82	
Total shareholders' funds [F]	5,650.82	
Long Term Debt / Shareholders Funds [B / F]	1.61	
Total Debt / Shareholders Funds [C / F]	1.97	

- *Pre issue – details shall be as at 31ST December 2017*
- *Post issue – details shall be post IPO*

**STATEMENT OF TAX SHELTERS
XXXIV**

ANNEXURE –

(Rs. in Lacs)

Particulars	Period Ended 31st Dec. 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
Profit before tax as restated (A)	1,120.30	484.16	116.28	84.58	0.99	4.14
Tax Rate (%)	30.90%	30.90%	30.90%	30.90%	30.90%	30.90%
Tax at notional rate on profits						
Adjustments :						
Permanent Differences(B)						
Investment Allowance u/s. 32AC	-	(846.06)	-	(773.70)	-	-
Interest on Income Tax Disallowed	0.00	0.00	0.00	1.76	0.00	0.19
Total Permanent Differences(B)	0.00	(846.06)	0.00	(771.94)	0.00	0.19
Income considered separately (C)						
Profit on Sale of Fixed Assets	(0.16)	-	-	-	-	-
Total Income considered separately (C)	(0.16)	-	-	-	-	-

Timing Differences (D)						
Depreciation						
-- Depreciation As Per Books	631.28	1,105.34	1,200.39	1,026.40	-	-
-- Depreciation As Per Income Tax	1,322.64	1,613.59	655.14	1,943.57	-	-
--Difference between tax depreciation and book depreciation	(691.36)	(508.25)	545.25	(917.17)	-	-
Preliminary Expenses						
-- Preliminary Expenses W/O as per books	1.39	1.39	1.39	1.39	1.39	0.37
-- Preliminary Expenses W/O as per Income Tax Act	1.02	1.76	1.76	1.76	1.76	0.74
-- Difference due to expenses allowable/ disallowable under Income Tax Act, 1961	0.37	(0.37)	(0.37)	(0.37)	(0.37)	(0.37)
Total Timing Differences (D)	(690.99)	(508.63)	544.87	(917.54)	(0.37)	(0.37)
Net Adjustments E = (B+C+D)	(691.15)	(1,354.69)	544.87	(1,689.48)	(0.37)	(0.18)
Tax expense / (saving) thereon	(213.57)	(418.60)	168.37	(522.05)	(0.11)	(0.06)
Income from Other Sources						
Any Other Income not included above	-	-	-	-	-	-
Income from Other Sources (F)	-	-	-	-	-	-
Taxable Income/(Loss) (A+E+F)	429.15	(870.52)	661.15	(1,604.90)	0.62	3.96
Depreciation Loss Carried Forward / (Set Off)	(429.15)	870.52	(661.15)	1,604.90	-	-
Net Taxable Income/(Loss) as per Normal Provisions of Income Tax	-	-	-	-	0.62	3.96
Taxable Income/(Loss) as per MAT	1,120.30	484.16	116.28	84.58	0.99	4.14
Income Tax As per Normal Provisions	-	-	-	-	0.19	1.22
Income Tax As per MAT	228.42	98.72	23.71	16.45	0.19	0.82
Income Tax as returned/computed	228.42	98.72	23.71	16.45	0.19	1.22
Tax paid as per normal or MAT	MAT	MAT	MAT	MAT	Normal	Normal

**DETAILS OF RELATED PARTY TRANSACTIONS AS RESTATED
XXXV**

ANNEXURE –

(Rs. in Lacs)

Sr. No.	Name of Related Parties /	Nature of Relationship	Nature of Transactions	Period Ended 31st Dec. 2017	Year Ended 31st March 2017	Year Ended 31st March 2016	Year Ended 31st March 2015	Year Ended 31st March 2014	Year Ended 31st March 2013
	Key Managerial Personnel								
1	Sumeet Industries Limited	Relative of Key Managerial Personnel (Director)	Purchase	224.95	86.79	-	-	-	-
			Sales	1,552.77	940.30	560.80	2,225.31	-	-
			Outstanding Debit/ (Credit)	(220.28)	(82.90)	(52.80)	316.15		
			Interest	-	104.48	96.66	110.36	-	-
			Loan Taken	-	3,224.87	96.66	1,471.00	761.48	-
			Loan Repaid	-	3,130.83	9.67	1,451.68	343.01	4.25
			Loan Outstanding	1,254.97	1,254.97	1,160.94	1,073.95	1,054.63	636.15
2	Global Denims Pvt Ltd	Relative of Key Managerial Personnel (Director)							
			Sales	378.47	130.43	-	-	-	-
			Outstanding Debit/ (Credit)	209.22	70.43				
3	Rakesh Somani	Director	Remuneration	13.50	12.00	-	2.40	-	-
4	Betex India Limited	Relative of Key Managerial	Interest	-	-	-	-	-	-

		Personnel (Director)	Loan Taken	-	187.59	-			60.00
			Loan Repaid	-	25.00	-	0.18	59.82	-
			Loan Outstanding	162.59	162.59	-	-	0.18	60.00
5	Akashganga Processors Pvt. Ltd.	Relative of Key Managerial Personnel (Director)	Loan Taken	-	-	-		0.05	-
			Loan Repaid	-	-	-	0.05	-	-
			Loan Outstanding	-	-	-	-	0.05	-
6	Rangila Fabrics Private Limited	Relative of Key Managerial Personnel (Director)	Loan Taken	-	-	-		0.08	-
			Loan Repaid	-	-	-	0.08	-	-
			Loan Outstanding	-	-	-	-	0.08	-
7	Somani Overseas Private Limited	Relative of Key Managerial Personnel (Director)	Loan Taken	-	-	-	-	1.91	-
			Loan Repaid	-	-	-	1.91	-	-
			Loan Outstanding	-	-	-	-	1.91	-

**SUMMARY OF ACCOUNTING RATIOS
XXXV**

Annexure –

(Rs. in Lacs)

Ratios	As at 31st Dec. 2017	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015	As at 31st March 2014	As at 31st March 2013
Restated PAT as per P& L Account	774.13	595.99	80.35	296.97	0.68	2.81
Number of Equity Shares at the end of the Year	86.70	86.70	75.00	65.52	52.58	24.50
Weighted Average Number of Equity Shares at the end of the Year	86.70	79.91	65.86	55.81	29.13	1.42
Net Worth	5,649.34	4,873.83	3,597.85	2,994.71	1,997.32	484.29
Earnings Per Share						
Basic & Diluted	8.93	7.46	1.22	5.32	0.02	1.98
Return on Net Worth (%)	13.70%	12.23%	2.23%	9.92%	0.03%	0.58%
Net Asset Value Per Share (Rs)	65.16	56.21	47.97	45.71	37.99	19.77
Nominal Value per Equity share (Rs.)	10.00	10.00	10.00	10.00	10.00	10.00

**RECONCILIATION OF RESTATED PROFIT:
XXXVII**

ANNEXURE –

(Rs. in Lacs)

Adjustments for	Upto Dec. 2017	2016- 17	2015- 16	2014- 15	2013- 14	2012- 13
Net profit/(Loss) after Tax as per Audited Profit & Loss Account	773.96	432.77	79.66	297.89	(0.61)	4.33
Adjustments for:						
-- Taxes adjusted in Current period				0.96	-	(1.22)
-- Taxes for earlier period adjusted in current period			0.80		1.22	
-- Interest on Income Tax Adjusted in Current Year	(0.00)	(0.00)	(0.00)	(1.76)	(0.00)	(0.19)
-- Interest for earlier period adjusted in current period			-		0.19	
-- Change in Deferred Tax Calculation	0.16	163.22	(0.11)	(0.11)	(0.12)	(0.11)

Net Profit/ (Loss) After Tax as Restated	774.13	595.99	80.35	296.97	0.68	2.81

Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years/ period.

Adjustments having impact on Profit

- a) Tax payable and Interest thereon for earlier year has been adjusted in relevant year.**
- b) Deferred Tax calculation has been corrected in respect of effect of Preliminary expenses and assets revaluation.**

Material Regrouping

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements which have been included in this Draft Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations is based on our Restated Financial Statements for the years ended March 31, 2017, 2016, 2015, and period ended December 31, 2017 including the related notes and reports, included in this Draft Red Herring Prospectus have been prepared in accordance with requirements of the Companies Act and restated in accordance with the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Our Financial Statements, as restated have been derived from our audited financial statements for the respective years and period ended December 31, 2017. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP, Companies Act, SEBI Regulations and other relevant accounting practices in India.

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 described under "Risk Factors" and "Forward Looking Statements" beginning on pages 24 and 23, respectively, and elsewhere in this Draft Red Herring Prospectus.

Our Financial Year ends on March 31 of each year. Accordingly, all references to a particular Financial Year are to the 12 months ended March 31 of that year.

OVERVIEW

Our Company was originally incorporated as "Sumeet Poly Power Limited" at Surat, Gujarat as a Public Limited Company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2010 bearing Registration Number 063028 issued by Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli. The certificate of Commencement of Business was issued by Assistant Registrar of Companies on December 08, 2010. Further, the name of the Company was changed to "Sumicot Limited" pursuant to special resolution passed by shareholders of the Company in the Extra Ordinary General Meeting held on December 14, 2017. Consequently, fresh Certificate of Incorporation was issued by Assistant Registrar of Companies, Ahmedabad, Gujarat dated February 08, 2018. The Corporate Identification Number (CIN) of our Company is U40106GJ2010PLC063028.

Our Company, Sumicot Ltd., is engaged in the manufacturing and marketing of cotton yarn and cotton knitted fabrics. Incorporated in 2010, our Company acquired a land in Dahej, Gujarat in 2011 which measures over 1,50,000 sq. meters in area. Subsequently, we commenced our commercial operation in year 2014 by setting up an automated manufacturing facility in part of the acquired land with an initial capacity of 19,584 spindles. Moving towards our mission and growing acceptance of our products, we expanded our facility by ramping up installed capacity from 19,584 spindles to 39,168 spindles and 16 knitting machines for cotton fabric manufacturing. We have also installed TFO Machines and Slub Attachment machineries for value addition in Cotton Yarns. Our Company manufactures 100% cotton yarn which includes varieties of combed yarns such as combed compact, combed slub and combed double TFO yarns. The cotton yarn manufactured by our Company is used for weaving and knitting by textile manufacturers. We use our manufactured cotton yarn in our fabric unit for manufacturing of fabric sheets.

Our Group Company, Sumeet Industries Ltd which is engaged in the business of yarn and textile manufacturing since 3 decades is listed both in National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) having an annual turnover of more than Rs. 1,400 crores. With the help of already established brand image of Sumeet Industries Ltd, our Company got an easy access to major corporate houses in both domestic and international markets.

Our individual promoters are Rakesh Somani and Rajkumar Somani who have sound knowledge and experience in the industry in which we operate. Our Promoters are engaged in day-to-day operations of our

Company and actively participate in decision making activities overhauling overall operations which ranges from manufacturing process, marketing, finance and other commercial activities related to the cotton yarn industry.

Our Company has been focussing in manufacturing of premium quality cotton yarn which meets the requirement of premium segment textile fabric manufacturers which leads to better margins for our Company. Further, we also have strong clientele in both the domestic and export markets ensuring us large and repetitive orders apart from entrusting us w.r.t quality of our cotton yarn.

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 Red Herring 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 except as follows:

1. The shareholders approved and passed resolution on February 19, 2018 to increase the authorised share capital to Rs. 16,00,00,000 consisting of 1,60,00,000 Equity shares of Rs. 10 each from Rs. 8,75,00,000 consisting of 87,50,000 Equity shares of Rs. 10 each.
2. The Board approved and passed special resolution on March 08, 2018 to raise funds by making Initial Public Offering.
3. The shareholders approved and passed resolution on April 02, 2018 to authorize the Board of Directors to raise funds by making Initial Public Offering.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “Risk Factor” beginning on page 24 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Cost and availability of raw material
- Credit availability
- Technological changes
- Competition from existing and new entrants
- General economic and demographic conditions
- Changes in laws and regulations that apply to the industry in which operate
- Brand Image

SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies adopted in the preparation and presentation of the accounts are based in accounting principal set out in Accounting Standards (AS) issued by ICAI as enumerated below:

15. GENERAL:

- a. The Financial Statements are prepared on the historical cost convention on an accrual basis.
- b. Accounting Policies, not specifically referred to otherwise, are in consonance with generally accepted accounting principles.

16.BASIS OF ACCOUNTING :

The Company follows the Mercantile System of Accounting and recognizes Income & Expenditure on accrual basis.

17.FIXED ASSETS AND DEPRECIATION :

Fixed Assets are stated at Cost of Acquisition / construction Less Depreciation. Cost Comprises of purchase price and all other cost attributable to bringing the asset to its working condition for its intended use.

Life of the plant & machinery has been taken as 15 years on triple shift basis. The said estimate is backed with a certificate from chartered engineer.

Effective from 01.04.2017, the Company changed its method of computing depreciation from WDV methods to the straight-line method for the Company's Plant & Machinery.

The Company determined that the change in depreciation method from WDV method to a straight-line method is a change in accounting estimate affected by a change in accounting principle. A change in accounting estimate affected by a change in accounting principle is to be applied prospectively. The change is considered preferable because the straight-line method will more accurately reflect the pattern of usage and the expected benefits of such assets and provide greater consistency with the depreciation methods used by other companies in the Company's industry.

The net book value of Plant & Machinery acquired prior to 01.04.2017 with useful lives remaining will be depreciated using the straight-line method prospectively.

For assets, other than stated above, Written-Down Value Method has been adopted for computation of Depreciation. Depreciation has been provided in accordance with the provision of schedule II of the Companies Act 2013.

18.REVENUE AND EXPENDITURE RECONGNITION:

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Income arising on disposal of scrap/waste is recognized on receipt basis.

Revenue in respect of insurance / other claims, interest etc. is recognized only when it is reasonably certain that the ultimate collection will be made.

19.INVESTMENT :

There are NO Investment made by the company.

20.INVENTORIES : Inventories are valued as below:

- a. Store & Spares : At Cost
- b. Raw material : At Cost
- c. Work in Progress : At Cost + Procurement Charges
- d. Finished Goods : At Cost or Net Realizable Value whichever is lower.

21.CONTINGENT LIABILITIES:

These are disclosed by way of notes on the Balance Sheet, if any. Provision is made in the accounts in respect of those liabilities which are likely to materialize after the year end, till the finalization of accounts and have material effect on the position stated in the Balance Sheet.

22.INPAIRMENT OF ASSETS :

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset identified as impaired. The impairment loss recognized in previous years is reversed if there has been a change in estimate of recoverable amount.

23.PRIOR PERIOD ADJUSTMENTS :

Prior period items noted during the period are debited / credited to respective heads of account being not material in nature.

24.GOVERNMENT GRANTS :

Grants in the nature of interest subsidy under Technology Upgradation Fund Scheme (TUFS) are accounted for when it is reasonably certain that ultimate collection will be made. Government grants not specifically related to fixed assets are recognized in the Profit & Loss Account in the year of accrual / receipt.

25.TAXATION :

Current tax is provided on the basis of estimated taxable income in accordance with income Tax Act, 1961 using applicable tax rates and tax laws.

Deferred tax assets / liabilities arising on account of timing difference between taxable and accounting income / expenditure, that originate in one period and are capable of reversal in subsequent period(s). Deferred Tax Assets are recognized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

26.SEGMENT REPORTING:

The Requirement of segment reporting is not applicable to the Company both in respect of geographical segment and product wise segment.

27.EMPLOYEE BENEFIT EXPENSES:

Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the Profit & Loss Account for the year in which the employee has rendered the services. Presently no employee has become entitled for the gratuity under payment of the Gratuity Act, 1972 and shall be accounted in the year of payment.

28.EARNING PER SHARE:

Basic earning per share is computed by dividing the net profit for the year end after prior period adjustments attributable to equity shareholders by equity shares outstanding at the end of the year.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue and Expenses

Our revenue and expenses are reported in the following manner:

Total Revenue

Our Total Revenue comprises of revenue from operations and other income.

Revenue from operations: Our revenue from operations comprises of revenue from domestic and export sale of manufactured products viz. cotton, cotton fabric and yarn.

Other Income: Our other income comprises of recurring income like interest on term deposits & discount received and non-recurring income like profit on sale of fixed assets and other miscellaneous income.

Expenses

Our expenses comprises of cost of material consumed and direct expenses, changes in inventories of finished goods and work-in-progress, employee benefit expenses, finance costs, depreciation and amortisation expenses and other expenses.

Cost of material consumed: Our cost of material consumed consist of consumption of cotton, cotton fabric and yarn to manufacture our finished goods. It also includes direct production expenses such as repairs & maintenance, packing material consumed, other manufacturing expenses, machinery expenses, loading &

unloading expenses, labour charges, job work charges, fuel expenses, factory expenses, electricity expenses, clearing & forwarding charges, water charges, vehicle repairs & maintenance expenses, vehicle running expenses, transportation & freight expenses and testing expenses.

Change in inventory of finished goods and work-in-progress: Our change in inventory of finished goods and work-in-progress comprise change in inventory level of finished goods and work-in-progress during the period which is the difference of closing and opening balance.

Employee benefit expenses: Our employee benefit expenses include salary and wages, directors' remuneration, contribution to provident and other statutory fund and staff welfare expenses.

Finance costs: Our finance costs comprise of interest on secured working capital facility taken from banks and unsecured loan taken from banks and financial institutions, promoter and promoter group, persons other than promoter and promoter group and inter corporate deposits. Our finance costs also include bank charges and interest on vehicle loans.

Depreciation and amortisation expenses: Our depreciation and amortisation expenses comprise of depreciation on tangible fixed assets.

Other expenses: Our other expenses comprise of administrative and selling expenses. These expenses primarily consist of travelling expenses, telephone & internet expense, security charges, repair & maintenance, rent expenses, rates & taxes, professional fees, printing & stationery, preliminary exp. w/off, postage stamp and courier expenses, office expenses, membership & subscription expenses, loss on sale of fixed assets, legal expenses, insurance expenses, hire charges, general expenses, franking charges, donation expenses, conveyance expenses, consultancy charges, commission and brokerage expenses, business promotion expenses, auditors' remuneration and advertising expenses among others.

Our Results of Operations

The following table sets forth select financial data from our restated financial statement of profit & loss for the financial years 2017, 2016, 2015 and for the period ended December 31, 2017 the components of which are also expressed as a percentage of total revenue for such periods

Particulars	For the period ended December 31st, 2017		For the Year ended March 31, 2017		For the Year ended March 31, 2016		For the Year ended March 31, 2015	
	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*
Total Revenue:								
Revenue from operations	14,775.93	99.94	10,530.80	99.84	6,738.32	99.77	3,855.04	99.77
Other income	8.47	0.06	16.82	0.16	15.44	0.23	8.94	0.23
Total Revenue	14,784.40	100.00	10,547.62	100.00	6,753.76	100.00	3,863.99	100.00
Expenses:								
Cost of Material Consumed & Direct Expenses	11,900.40	80.49	8,298.00	78.67	4,776.06	70.72	2,569.48	66.50
Change in inventories of finished goods and work-in-progress	21.85	0.15	(479.32)	(4.54)	(75.51)	(1.12)	(298.85)	(7.73)
Employee benefit expenses	309.58	2.09	289.17	2.74	179.11	2.65	81.65	2.11
Finance costs	659.12	4.46	666.46	6.32	421.90	6.25	290.55	7.52

Particulars	For the period ended December 31st, 2017		For the Year ended March 31, 2017		For the Year ended March 31, 2016		For the Year ended March 31, 2015	
	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*
Depreciation and amortization expense	631.28	4.27	1,105.34	10.48	1,200.39	17.77	1,026.40	26.56
Other expenses	141.86	0.96	183.81	1.74	135.54	2.01	110.18	2.85
Total Expenses	13,664.10	92.42	10,063.46	95.41	6,637.48	98.28	3,779.41	97.81
Profit before extraordinary items and tax	1,120.30	7.58	484.16	4.59	116.28	1.72	84.58	2.19
Extraordinary and Exceptional items	-	-	-	-	-	-	-	-
Profit before tax	1,120.30	7.58	484.16	4.59	116.28	1.72	84.58	2.19
Tax expense :								
(i) Current tax	228.42	1.54	98.72	0.94	23.71	0.35	16.45	0.43
(ii) MAT Credit	(228.42)	(1.54)	(98.72)	(0.94)	(23.71)	(0.35)	(16.45)	(0.43)
(iii) Deferred tax	346.17	2.34	(111.83)	(1.06)	35.93	0.53	(212.39)	(5.50)
Total Tax Expense	346.17	2.34	(111.83)	(1.06)	35.93	0.53	(212.39)	(5.50)
Profit for the year/ period	774.13	5.24	595.99	5.65	80.35	1.19	296.97	7.69

* (%) column represents percentage of total revenue.

Review of Operation for the Period Ended December 31, 2017

Total Revenue

Revenue from operations

Revenue from operations for the period ended December 31, 2017 amounted to Rs. 14,775.93 lakhs which was primarily on account of revenue from sale of manufactured cotton yarn and cotton knitted fabrics. Our revenue from the sale of manufactured cotton yarn was Rs. 11,054.46 lakhs, while the revenue from sale of manufactured fabrics was Rs. 2,480.93 lakhs. Apart from these there was some sale of other by-products and waste which was Rs. 1,240.34 lakhs.

Other income

Our other income was Rs. 8.47 lakhs for the period ended December 31, 2017 which comprised of interest on term deposits amounting to Rs. 5.50 lakhs, discount received of Rs.2.81 lakhs and profit on sale of fixed assets of Rs. 0.16 lakhs. Our other income was 0.06% of our total revenue.

Total Expenses

Our total expenses, excluding tax amounted to Rs. 13,664.10 lakhs for the period ended December 31, 2017 which was 92.42% of our total revenue.

Cost of material consumed & Direct expenses

Our cost of material consumed & direct expenses for the period ended December 31, 2017 was Rs. 11900.40 lakhs which primarily consist of expenses on consumption of raw material of Rs 10213.99 lakhs. Our direct expenses for the period was Rs. 1686.52 which comprised of repairs & maintenance expense of Rs.5.92 lakhs, packing material consumed expenses of Rs. 145.03 lakhs, loading & unloading expenses of Rs. 98.52 lakhs, labour charges of Rs. 0.06 lakhs, fuel expenses of Rs.5.14 lakhs, electricity expenses of Rs.1249.43 lakhs, water charges of Rs.11.85 lakhs, vehicle running expenses of Rs. 5.00 lakhs,



transportation & freight expenses of Rs.123.65 lakhs, testing expenses of Rs.4.14 lakhs, store consumed of Rs.20.14 lakhs, factory expenses of Rs 0.04 lakhs, vehicle repair & maintenance expenses of Rs 0.76 lakhs and other manufacturing expenses of Rs.16.73 lakhs. Our Cost of material consumed & direct expenses was 80.49 % of our total revenue.

Employee Benefit Expenses

Our employee benefit expenses for the period ended December 31, 2017 were Rs. 309.58 lakhs which primarily comprised of salary & wages of Rs. 239.29 lakhs, directors' remuneration of Rs. 13.50 lakhs, contribution to provident and statutory funds of Rs. 14.79 lakhs and staff welfare expenses of Rs. 42 lakhs. Our employee benefit expenses were 2.09% of our total revenue.

Finance Costs

Our finance costs for the period ended December 31, 2017 were Rs.659.12 lakhs primarily consisting of interest on working capital facility from bank amounting to Rs. 159.89 lakhs, interest paid to other amounting to Rs. 100.19 lakhs, interest on long term loan from banks and financial institutions amounting to Rs. 361.34 lakhs and bank charges Rs. 37.70 lakhs. Our finance cost were 4.46% of our total revenue.

Depreciation and Amortization Expenses

Depreciation and amortization expenses were Rs. 631.28 lakhs for the period ended December 31, 2017 on account of depreciation on tangible fixed assets. Our depreciation and amortization expenses were 4.27% of our total revenue.

Other expenses

Our other expenses for the period ended December 31, 2017 were Rs. 141.86 lakhs primarily consisting of administrative and selling expenses such as travelling expenses of Rs. 2.77 lakhs, telephone & internet expense of Rs.1.14 lakhs, security charges of Rs. 20.05 lakhs, rent expenses of Rs. 10.22 lakhs, rates & taxes of Rs. 5.57 lakhs, professional fees of Rs. 3.87 lakhs, printing & stationery of Rs. 2.11 lakhs, preliminary exp. w/off of Rs. 1.39 lakhs, postage stamp and courier expenses of Rs. 1.64 lakhs, insurance expenses of Rs. 5.35 lakhs, general expenses of Rs. 14.40 lakhs, franking charges of Rs. 8.59 lakhs, discount of Rs. 19.18 lakhs, conveyance expenses of Rs. 1.58 lakhs, commission and brokerage expenses of Rs. 41.71 lakhs among others. Our other expenses were 0.96% of our total revenue.

Profit before Tax

Our Profit before tax for the period ended December 31, 2017 was Rs. 1120.30 lakhs which was 7.58% of our total revenue.

Tax Expenses

Our tax expenses for the period ended December 31, 2017 were Rs. 346.17 lakhs. Tax expenses comprised of current tax of Rs. 228.42 lakhs and deferred tax of Rs.346.17 lakhs. However it was partially setoff by MAT credit of Rs. 228.42 lakhs. Our tax expenses were 2.34% of our total revenue.

Profit after Tax

Due to the above mentioned factors our profit after tax for the period ended December 31, 2017 was Rs. 774.13 lakhs which was 5.24% of our total revenue.

FINANCIAL YEAR 2016-17 COMPARED WITH FINANCIAL YEAR 2015-16

Total Revenue

Our total revenue significantly increase by 56.17% to Rs. 10,547.62 lakhs for the financial year 2016-17 from Rs. 6,753.76 lakhs for the financial year 2015-16 due to the factors described below:

Revenue from operations

Our revenue from operations increased by 56.28% to Rs. 10,530.80 lakhs for the financial year 2016-17 from Rs. 6,738.32 lakhs for the financial year 2015-16. The increase was mainly due to significant increase

in revenue from sale of Yarn by 36.14% to Rs. 8,412.02 lakhs for the financial year 2016-17 from Rs. 6,178.76 lakhs for the financial year 2015-16. In financial year 2016-17 our Company also started production and sale of fabrics. Revenue generated from sale of fabrics in financial year 2016-17 was Rs.1268.59 lakhs. There was also an increase in revenue from other by-products by 51.94% to Rs. 850.17 lakhs for the financial year 2016-17 from Rs. 559.55 lakhs for the financial year 2015-16. Increase in sale of yarn was primarily driven by increase in capacity of Cotton Yarn and Knitted fabric which leads to fulfilment of excess demand.

Other income

Our other income increased by 8.96% to Rs. 16.82 lakhs for the financial year 2016-17 from Rs. 15.44 lakhs for the financial year 2015-16 mainly due increase in interest income on term deposits by Rs. 1.96 lakhs and miscellaneous income by Rs. 1.21 lakhs. However, the increase was partially offset by decrease in discount received from clients by Rs. 1.79 lakhs.

Total Expenses

Our total expenses, excluding tax increased by 51.62 % to Rs. 10,063.46 lakhs for the financial year 2016-17 from Rs. 6,637.48 lakhs for the financial year 2015-16, due to the factors described below:

Cost of material consumed & Direct Expense

Our cost of material consumed & direct expenses increased by 73.74% to Rs 8298.00 in the financial year 2016-17 from Rs 4776.06 lakhs in the financial year 2015-16.

Our cost of raw-material consumed increased by 87.82% to Rs. 7,055.11 lakhs for the financial year 2016-17 from Rs. 3,756.41 lakhs for the financial year 2015-16 mainly due to increase in production capacity of cotton yarn and production of knitted fabrics which requires knitting process. This generally consumes more material as compared to spinning process Our direct expenses increased by 21.89% to Rs. 1,242.89 lakhs for the financial year 2016-17 from Rs. 1,019.65 lakhs for the financial year 2015-16. The increase was mainly due to increase in electricity expense by Rs. 198.48 lakhs, loading & unloading expense by Rs. 26.02 lakhs, packing material consumed by Rs. 12.86 lakhs, repairs & maintenance by Rs. 3.51 lakhs, vehicle running expenses by Rs. 2.60 lakh and other manufacturing expenses by Rs. 6.79 lakhs. However this increase was partially setoff by decrease in transportation & freight expenses by Rs.20.31 lakhs, Store & spares consumed by Rs. 6.38 lakhs and job work charges by Rs. 1.62 lakhs.

Employee benefits expenses

Our employee benefit expenses increased by 61.44% to Rs. 289.17 lakhs for the financial year 2016-17 from Rs. 179.11 lakhs for the financial year 2015-16. The increase was mainly due to increase in salary & wages by Rs. 85.44 lakhs, director's remuneration by Rs. 12.00 lakhs, contribution to provident and other statutory fund by Rs. 4.68 lakhs and staff welfare expenses by Rs. 7.93 lakh. Increase in our salary wages was primarily due to increase in number of employees from 95 in 2015-16 to 130 in 2016-17.

Finance costs

Our finance costs increased by 57.97% to Rs. 666.46 lakhs for the financial year 2016-17 from Rs. 421.90 lakhs for the financial year 2015-16. The increase was mainly on account of increase in interest expense on secured working capital facility from bank by Rs. 22.40 lakhs, interest expense on loan availed from others by Rs. 180.15 lakhs, increase in interest expense on long term loan from banks and financial institutions by Rs. 28.58 Lakhs in the financial year 2016-17 and bank charges by Rs. 13.90 lakhs in the financial year 2016-17. However this increase was offset by decrease in interest expense on vehicle loan by Rs 0.10 lakhs and decrease in other interest expense by Rs 0.37 lakhs

Depreciation and amortisation expense

Our depreciation and amortisation expenses decreased by 7.92% to Rs. 1,105.34 lakhs for the financial year 2016-17 from Rs. 1,200.39 lakhs for the financial year 2015-16.

Other expenses

Our other expenses increased by 35.62% to Rs. 183.81 lakhs for the financial year 2016-17 from Rs. 135.54 lakhs for the financial year 2015-16. The increase was mainly due to increase in general expenses by Rs. 17.53 lakhs, discount expenses by Rs. 13.31 lakhs, insurance expenses by Rs. 6.68 lakhs, rates & taxes by Rs. 6.43 lakhs, legal expenses by Rs. 3.11 lakhs, conveyance expenses by Rs. 1.93 lakhs, professional fees by Rs. 1.80 lakhs, etc. However, the increase was partially offset by decrease in security charges by Rs. 2.07 lakhs, business promotion expenses by Rs. 1.35 lakhs, membership & subscription expenses by Rs. 1.14 lakhs etc.

Profit/Loss before tax

Our profit before tax significantly increased by 316.37% to Rs.484.16 lakhs for the financial year 2016-17 from Rs. 116.28 lakhs for the financial year 2015-16 due to increase in our overall business activity.

Tax expenses

Our tax expenses significantly decrease by 411.23% which gave a tax relief of Rs. 111.83 lakhs for the financial year 2016-17 from tax expense of Rs. 35.93 lakhs for the financial year 2015-16 mainly due to deferred tax benefit of Rs. 111.83 lakhs for the financial year 2016-17. There was an increase in current tax expenses by 316.67% which was fully set off by MAT credit entitlement.

Profit after tax

Due to above mentioned reasons, our profit after tax significantly increased by Rs. 641.73% to Rs. 595.99 lakhs for the financial year 2016-17 from Rs. 80.35 lakhs for the financial year 2015-16.

FINANCIAL YEAR 2015-16 COMPARED WITH FINANCIAL YEAR 2014-15

Total Revenue

Our total revenue increased by 74.79% to Rs. 6,753.76 lakhs for the financial year 2015-16 from Rs. 3,863.99 lakhs for the financial year 2014-15 due to the factors described below:

Revenue from operations

Our revenue from operations increased by 74.79 % to Rs. 6,738.32 lakhs for the financial year 2015-16 from Rs. 3,855.04 lakhs for the financial year 2014-15. The increase was mainly due to significant increase in revenue from sale of yarn by 72.03% to Rs. 6,178.76 lakhs for the financial year 2015-16 from Rs. 3,591.76 lakhs for the financial year 2014-15 and increase in revenue from sale of other by-products by 112.53% to Rs. 559.55 lakhs for the financial year 2015-16 from Rs. 263.28 lakhs for the financial year 2014-15. Increase in sale of yarn and by-products was primarily due to increase in capacity of Cotton Yarn production which leads to fulfilment of excess demand.

Other income

Our other income increased by 72.57% to Rs.15.44 lakhs for the financial year 2015-16 from Rs. 8.94 lakhs for the financial year 2014-15 mainly due to increase in interest income on term deposits by Rs. 1.50 lakhs and discount received by Rs. 9.33 lakhs. However this increase was partially setoff by decrease in miscellaneous receipts by Rs 4.34 lakhs.

Total Expenses

Our total expenses, excluding tax increased by 75.62% to Rs. 6,637.48 lakhs for the financial year 2015-16 from Rs. 3,779.41 lakhs for the financial year 2014-15, due to the factors described below:

Cost of material consumed & Direct Expenses

Our cost of material consumed & direct expenses increased by 85.88 % to Rs 4776.06 in the financial year 2015-16 from Rs 2569.48 lakhs in the financial year 2014-15.

Our cost of material consumed increased by 84.91% to Rs. 3,756.41 lakhs for the financial year 2015-16 from Rs. 2,031.48 lakhs for the financial year 2014-15 mainly due to increase in our revenue from sale of manufactured goods in financial year 2015-16.

Our direct expenses increased by 89.52% to Rs. 1,019.65 lakhs for the financial year 2015-16 from Rs. 538.00 lakhs for the financial year 2014-15. The increase was mainly due to increase in electricity expense by Rs. 311.37 lakhs, loading & unloading expense by Rs. 11.33 lakhs, packing material consumed by Rs. 64.68 lakhs, vehicle running expenses by Rs. 1.18 lakhs, transportation & freight expenses by Rs. 52.52 lakhs, store & spares consumed by Rs. 38.96 lakhs, water charges by Rs.4.10 lakhs, testing expenses by Rs. 1.60 lakhs etc. among others. However this increase was partially setoff by decrease in job work charges by Rs. 4.06 lakhs and repairs & maintenance by Rs. 0.39 lakhs.

Employee benefits expense

Our employee benefits expense increased by 119.37% to Rs. 179.11 lakhs for the financial year 2015-16 from Rs. 81.65 lakhs for the financial year 2014-15. The increase was mainly due to increase in salary and wages by Rs. 94.16 lakhs and contribution to provident and other statutory fund by Rs. 7.87 lakhs. However this increase was partially setoff by decrease in staff welfare expenses by Rs. 2.17 lakhs and decrease in director's remuneration by Rs. 2.40 lakhs. Increase in salary & wages was primarily because company was operational for the whole year in 2015-16 but was only operational for 8 months in 2014-15.

Finance costs

Our finance costs increased by 45.21% to Rs. 421.90 lakhs for the financial year 2015-16 from Rs. 290.55 lakhs for the financial year 2014-15. The increase was mainly due to increase in interest expenses on working capital facility from bank by Rs. 115.04 lakhs and increase in interest expense on long term by Rs. 103.75 lakhs and bank charges by Rs. 20.79 lakhs which was partially offset by decrease in interest expense on unsecured loans availed by our Company by Rs. 106.46 lakhs and interest on income tax by Rs. 1.76 lakhs.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 16.95% to Rs. 1,200.39 lakhs for the financial year 2015-16 from Rs. 1,026.40 lakhs for the financial year 2014-15.

Other expenses

Our other expenses increased by 23.01% to Rs. 135.54 lakhs for the financial year 2015-16 from Rs. 110.18 lakhs for the financial year 2014-15. The increase was mainly due to increase in commission & brokerage expenses by Rs. 16.22 lakhs, security charges by Rs. 13.96 lakhs, professional fees by Rs. 12.01 lakhs, general expenses by Rs. 7.12 lakhs, insurance expenses by Rs. 1.39 lakhs, rent expenses by Rs. 1.98 lakhs, business promotion expenses by Rs. 1.35 lakhs, telephone expenses by Rs. 1.30 lakhs, membership & subscription expenses by Rs. 1.14 lakhs etc. among others. However, the increase was partially offset by decrease in franking charges by Rs. 16.44 lakhs, bonus discount by Rs 11.09 lakhs, loss on sale of fixed assets by Rs. 2.01 lakhs, conveyance expenses by Rs. 1.65 lakhs, office expenses by Rs. 1.24 lakhs etc. among others.

Profit before tax

Our profit before tax increased by 37.48% to Rs. 116.28 lakhs for the financial year 2015-16 from Rs. 84.58 lakhs for the financial year 2014-15. The increase was mainly due to increase in our total revenue and overall business capacity.

Tax expenses

Our tax expenses significantly increase by 116.92% to Rs. 35.93 lakhs for the financial year 2015-16 from tax relief of Rs. 212.39 lakhs for the financial year 2014-15 mainly due to reversal of deferred tax asset of Rs. 35.93 lakhs for the financial year 2015-16. There was an increase in current tax expenses by 44.10% which was fully set off by MAT credit entitlement.

Profit after tax

Our loss after tax decreased by 72.94% to Rs. 80.35 lakhs for the financial year 2015-16 from Rs. 296.97 lakhs for the financial year 2014-15 due to factor mentioned above.

Other Key Ratios

The table below summaries key ratios in our Restated Financial Statements for the financial years ended March 31, 2017, 2016, 2015 and for the period ended December 31, 2017:

Particulars	For the period ended December 31, 2017	For the year ended March 31,		
		2017	2016	2015
Fixed Asset Turnover Ratio	1.32	0.90	1.17	0.55
Inventory Turnover Ratio	7.76	7.21	6.55	4.29*
Debt Equity Ratio	1.97	2.36	1.79	2.26
Current Ratio	1.38	1.33	1.50	1.20

*Inventory for 2015-16 is taken as closing inventory instead of average inventory as the opening inventory was Nil.

Fixed Asset Turnover Ratio: This is defined as revenue from operations divided by total fixed assets, based on Restated Financial Statements. Intangible Assets have been included in calculation of Total Fixed Assets, however, Capital Work-in-Progress and revaluation reserve amount on tangible fixed assets have not been included.

Inventory Turnover Ratio: This is defined as revenue from operations divided by average inventory. Average inventory is computed by dividing the sum of opening inventory and closing inventory by two, based on Restated Financial Information.

Debt Equity Ratio: This is defined as total debt divided by total shareholder funds. Total debt is the sum of long-term borrowings, short-term borrowings and current maturity of long term debt, based on Restated Financial Statements.

Current Ratio: This is defined as current assets divided by current liabilities, based on Restated Financial Statements.

Cash Flow

The table below summaries our cash flows from our Restated Financial Information for the financial years 2017, 2016, 2015 and for the period ended December 31, 2017:

(Rs. in lakhs)

Particulars	For the period ended December 31, 2017	For the year ended March 31,		
		2017	2016	2015
Net cash (used in)/ generated from operating activities	1,401.63	694.84	1,030.67	(650.25)
Net cash (used in)/ generated from investing activities	(223.82)	(5,718.97)	(759.94)	(2,421.60)
Net cash (used in)/ generated from financing activities	(1,043.67)	5,067.86	(255.71)	3,075.51
Net increase/ (decrease) in cash and cash equivalents	134.13	43.73	15.02	3.66
Cash and Cash Equivalents at the beginning of the period	124.74	81.01	65.98	62.32
Cash and Cash Equivalents at the end of the period	258.87	124.74	81.01	65.98

Operating Activities

Period Ended December 31, 2017

Our net cash generated from operating activities was Rs. 1,401.63 lakhs for period ended December 31, 2017. Our operating profit before working capital changes was Rs. 2,405.14 lakhs for the period ended December 31, 2017 which was adjusted by increase in trade receivables by Rs. 846.86 lakhs, increase in trade payables by Rs. 841.28 lakhs, increase in inventories of finished goods and work-in-progress by Rs. 281.19 lakhs, decrease in current liabilities and provision by Rs. 248.91 lakhs and increase in other current assets by Rs. 467.82 lakhs.

Financial year 2016-17

Our net cash generated from operating activities was Rs. 694.84 lakhs for the financial year 2016-17. Our operating profit before working capital changes was Rs. 2,247.90 lakhs for the financial year 2016-17 which was primarily adjusted by increase in trade receivables by Rs. 1,287.93 lakhs, increase in trade payables by Rs. 735.20 lakhs, increase in current liabilities & provision by Rs. 51.35 lakhs, increase in inventories of finished goods and work-in-progress by Rs. 604.88 lakhs and increase in other current assets by Rs. 446.80 lakhs.

Financial year 2015-16

Our net cash generated from operating activities was Rs. 1030.67 lakhs for the financial year 2015-16. Our operating profit before working capital changes was Rs. 1732.28 lakhs for the financial year 2015-16, which was primarily adjusted by payment of income tax of Rs.16.45 lakhs, increase in trade payables by Rs. 91.95 lakhs, increase in trade receivables by Rs.467.60 lakhs, increase in inventories of finished goods and work-in-progress by Rs.259.39 lakhs, increase in current liabilities & provisions by Rs. 198.06 lakhs and increase in other current assets by Rs. 248.19 lakhs.

Financial year 2014-15

Our net cash used from operating activities was Rs. 650.25 lakhs for the financial year 2014-15. Our operating profit before working capital changes was Rs. 1396.93 lakhs for the financial year 2014-15, which was primarily adjusted by payment of income tax of Rs. 0.19 lakhs, increase in trade receivables by Rs. 747.59 lakhs, increase in trade payables by Rs. 282.98 lakhs, increase in current liabilities and provision by Rs. 44.05 lakhs, increase in inventories of finished goods and work-in-progress by Rs. 898.81 lakhs and increase in other current assets by Rs. 727.63 lakhs.

Investing Activities

Period Ended December 31, 2017

Net cash used in investing activities was Rs. 223.82 lakhs for the period ended December 31, 2017. This was primarily on account of purchases of fixed assets worth Rs. 157.12 lakhs and advances given for capital goods of Rs.72.20 lakhs which was partially offset by receipt of interest income of Rs. 5.50 lakh.

Financial year 2016-17

Net cash used in investing activities was Rs. 5,718.97 lakhs for the financial year 2016-17. This was primarily on account of purchase of fixed assets amounting to Rs. 5877.24 lakhs which was partially offset by decrease in advances for capital goods by Rs. 150.22 lakhs and receipt of interest income of Rs. 8.05 lakhs.

Financial year 2015-16

Net cash used in investing activities was Rs. 759.94 lakhs for the financial year 2015-16. This was primarily on account of purchase of fixed assets amounting to Rs. 771.58 lakhs which was partially offset by decrease in advances for capital goods by Rs. 5.56 lakhs and receipt of interest income of Rs. 6.09 lakhs.



Financial year 2014-15

Net cash used in investing activities was Rs. 2,421.60 lakhs for the financial year 2014-15. This was primarily on account of purchase of fixed assets amounting to Rs. 2,270.42 lakhs and payment of advances for capital goods of Rs.155.77 lakhs which was partially offset by receipt of interest income of Rs. 4.59 lakh.

Financing Activities

Period Ended December 31, 2017

Net cash used in financing activities for the period ended December 31, 2017 was Rs. 1,043.67 lakhs primarily consisting of payment of interest and finance charges amounting to Rs. 659.12 lakhs and decrease in secured loans from banks by Rs. 384.55lakhs

Financial year 2016-17

Net cash generated from financing activities for the financial year 2016-17 was Rs. 5,067.86 lakhs primarily consisting of proceeds from issuance of share capital of Rs. 678.60 lakhs, increase in unsecured loan from related parties by Rs. 256.44 lakhs and increase in secured loans from banks by Rs.4799.28 lakhs which was partially offset by of payment of interest and finance charges amounting to Rs. 666.46 lakhs

Financial year 2015-16

Net cash used in financing activities for the financial year 2015-16 was Rs. 255.71 lakhs primarily consisting of payment of interest and finance charges amounting to Rs. 421.90 lakhs and decrease in secured loans from banks by Rs. 442.06 lakhs which was partially offset by proceeds from issuance of share capital of Rs. 521.40 lakhs and increase in unsecured loan from related parties by Rs. 86.85 lakhs

Financial year 2014-15

Net cash used generated from financing activities for the financial year 2014-15 was Rs. 3,075.51 lakhs primarily consisting of proceeds from issuance of share capital of Rs. 699.03 lakhs, increase in unsecured loan from related parties by Rs. 16.57 lakhs and increase in secured loans from banks by Rs. 2650.46 lakhs which was partially offset by of payment of interest and finance charges amounting to Rs. 290.55 lakhs.

Financial Indebtedness

As on December 31, 2017, the total outstanding borrowings of our Company was Rs. 11,105.67 lakhs comprising of long-term borrowings amounting to Rs. 7,731.56 lakhs, short-term borrowings amounting to Rs. 1,998.43 lakhs and current maturities of long term debt of Rs. 1,375.68 lakhs. For further details, refer chapter titled “*Financial Indebtedness*” beginning on page 267 of this Draft Red Herring Prospectus.

(Rs. in lakhs)

Particulars	As at December 31, 2017
Long Term Borrowings	
<i>Secured Loans</i>	
- Term Loans from Banks	6,308.55
- Vehicle Loans from ICICI Bank	5.45
<i>Unsecured Loans</i>	
- From related parties	1,417.56
Sub Total (A)	7,731.56
Short Term Borrowings	
<i>Secured Loan</i>	

Particulars	As at December 31, 2017
-Working Capital Facility from Banks	1,998.43
Sub Total (B)	1,998.43
Current Maturities of Long Term Borrowings (C)	1,375.68
Total (A)+(B)+(C)	11,105.67

In the event, any of our lenders declare an event of default, such current and any future defaults could lead to acceleration of our repayment obligations, termination of one or more of our financing agreements or force us to sell our assets, any of which could adversely affect our business, results of operations and financial condition.

Related Party Transactions

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relates to remuneration payable, loans & advances given and taken and Issue of Equity Shares. For further details of such related parties under AS18, refer chapter titled “*Financial Statements*” beginning on page 209 of this Draft Red Herring Prospectus.

Contingent Liabilities

As on December 31, 2017 and March 31, 2017 our Company is not having any contingent liability as per restated audited financials.

Off-Balance Sheet Items

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

Qualitative Disclosure about Market Risk

Financial Market Risks

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

Interest Rate Risk

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds.

Effect of Inflation

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

Credit Risk

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

Reservations, Qualifications and Adverse Remarks

Except as disclosed in chapter titled “*Financial Statements*” beginning on page 209 of this Draft Red Herring Prospectus, there have been no reservations, qualifications and adverse remarks.

Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution



Except as disclosed in chapter titled “*Financial Statements*” beginning on page 209 of this Draft Red Herring Prospectus, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company during the period April 01, 2015 up to December 31, 2017.

Material Frauds

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last five Fiscals.

Unusual or Infrequent Events or Transactions

As on date, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income from continuing operations except as described in chapter titled “*Risk Factors*” beginning on page 24 of this Draft Red Herring Prospectus.

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 described in the section titled “*Risk Factors*” beginning on page 24 of this Draft Red Herring Prospectus and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known

Other than as described in chapter titled “*Risk Factors*” beginning on page 24 of this Draft Red Herring Prospectus and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices

Changes in revenue in the last three financial years are as explained in the part “*Financial Year 2016-17 compared with financial year 2015-16 and Financial Year 2015-16 compared with Financial Year 2014-15*” above.

Total Turnover of Each Major Industry Segment in Which the Issuer Operates

Our business is limited to a single reportable segment.

Competitive Conditions

We have competition with Indian and international manufacturers, traders and service providers and our results of operations could be affected by competition in the textile industry in India and international market in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established unorganized companies / entities. This we believe may

impact our financial condition and operations. For details, please refer to the chapter titled “Risk Factors” beginning on page 24 of this Draft Red Herring Prospectus.

Increase in income

Increases in our income are due to the factors described above in in this chapter under “*Significant Factors Affecting Our Results of Operations*” and chapter titled “*Risk Factors*” beginning on page 24 of this Draft Red Herring Prospectus.

Status of any Publicly Announced New Products or Business Segments

Except as disclosed elsewhere in the Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

Significant Dependence on a Single or Few Suppliers or Customers

Significant proportion of our revenues have historically been derived from a limited number of customers. The % of Contribution of our Company’s customer and supplier vis a vis the total revenue from operations respectively as of December 31, 2017 and March 31, 2017 is as follows:

Particulars	Customers		Suppliers	
	Dec 31, 2017	Mar 31, 2017	Dec 31, 2017	Mar 31, 2017
Top 5 (%)	69.84	58.67	41.72	44.01
Top 10 (%)	75.89	65.49	51.68	57.06

Seasonality of Business

The nature of business is not seasonal.



FINANCIAL INDEBTEDNESS

Our Company has availed term loans and working capital facilities in the ordinary course of business. For the Issue, our Company has obtained the necessary consents required under the relevant loan documentations for undertaking activities, such as change in its capital structure, change in its shareholding pattern or change or amendment to the constitutional documents of our Company or change in our Board.

Pursuant to a special resolution of our Shareholders passed at the extraordinary general meeting held on December 14, 2017, our Board has been authorized to borrow monies, which, together with the monies already borrowed, exceeds the aggregate of the paid-up capital and free reserves apart from temporary loans borrowed in the ordinary course of business, from such person or persons on such terms and conditions as to the repayment, interest and otherwise as they may think fit and proper, provided that the aggregate amount so borrowed shall not, at any time, exceed 300.00 Crores.

Set forth is a brief summary of our Company's secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements.

SECURED BORROWINGS

1. Loan of Rs. 12,051.00 Lakhs from State Bank of India (Lead Bank), Bank of Baroda, IDBI Bank Limited and Central Bank of India (jointly known as “The SBI Consortium”) as per Inter Se Agreement dated September 27, 2017 among Consortium banks .

(Rs. in Lakhs)

Particulars						
Sr. No.	Name of Lenders	Nature of facility	Sanctioned Amount	Rate Of Interest	Repayment	Outstanding as on December 31, 2017
A) Fund based limits :						
Working Capital Limits –						
1.	State Bank of India ^(a)	Cash Credit limit	1,100.00	12.65% p.a.	12 Months or repayable on demand	1,072.81
		EPC/FBD/PCFC/EBR (Sub limit of Cash credit)	(300.00)			
2.	Central Bank of India ^(b)	Cash Credit cum ODBD	260.00	12.50% p.a	12 months or Re - payable on demand	261.85
3.	Bank of Baroda ^(c)	Cash credit limit	640.00	12.50% p.a.	12 months/ payable on demand	663.77
	Sub Total		2,000.00			
	Term Loan Limits –					
1	State Bank of India ^(a)	Term Loan	4,107.00	12.65% p.a. payable at monthly rest	26 quarterly installments	2,331.73
2.	IDBI Bank Limited ^(d)	Rupee Term Loan – I	377.00	12.45% p.a.	28 equal quarterly installments	1,989.04
		Rupee Term Loan – II	2123.00			

3	Bank of Baroda ^(c)	Term Loan – I	378.00	11.85% p.a. payable at monthly rest	28 quarterly installments commencing from June 30, 2017	1,987.78
		Term Loan – II	2,122.00			
	Sub Total		9,107.00			
B) Non Fund based limits -						
1.	State Bank of India ^(a)	Letter of Credit	300.00	-	90 days	-
		Bank Guarantee	175.00	-		-
		Credit exposure in Forward Contract	44.00	-		-
2.	Central Bank of India ^(b)	Inland/ Foreign Letter of Credit	200.00	-	90 days	-
		LOC / Buyer’s Credit	(200.00)	-	-	-
3.	Bank of Baroda ^(c)	Inland Bank Guarantee	225.00	-	12 months subject to annual review	-
	Sub Total		944.00			
	TOTAL		12,051.00			

- (d) As per Sanction Letter reference number SBI/MCB/SURAT/AMT-1/2016-17/1181 dated March 2, 2017 read with SBI/MCB/SURAT/AMT-1/2017-18/410 dated August 04, 2017. Further, Sumeet Industries Limited has extended its corporate guarantee for the same.
- (e) As per Sanction Letter reference number MCFB/SURAT/2017-18:83 dated June 29, 2017.
- (f) As per Sanction Letter reference number UDHNA:ADV:54/2015-16 dated December 21, 2015.
- (g) As per Sanction Letter reference number IDBI bank/CBG-II/West-III/SRT/CC-II/01-02/459 dated February 10, 2016 read with IDBI bank/CBG-II/West-III/SRT/CC-II/21-10/365 dated November 21, 2015.

DETAILS OF SECURITIES

For Working Capital Facilities aggregating sum of Rs. 2,944 Lakhs of SBI Consortium of Working Capital Lenders:-

1. A first charge on pari passu basis by way of hypothecation on the entire Current Assets of the borrower, namely, raw materials, finished stock, stock in trade, finished goods, stock in process, receivables, stock in transit, work – in – progress, consumable stores and spares, bills receivables and Book Debts and all other movables (both present and future) but pertaining to the borrower
2. A second charge on pari passu basis by way of hypothecation on all the movable fixed assets (including plant and machineries) of the borrower, both present and future*

****Second charge on pari passu basis by way of Equitable Mortgage on the following immovable properties:*** All that piece and parcel of land bearing Plot No. D/2/12/A/1 GIDC Dahej – II, Industrial Estate, Dahej GIDC, Off. Bharuch – Dahej Road, Village – Vadadala, Sub Dist – Vagra, Dahej, Bharuch – 392015, Gujarat, India admeasuring 133828.75 Sq. mtrs. Together with lease hold rights in the land/plots at Dahej Industrial Estate, notified area of Gujarat Industrial Development Corporation

For Term Loan Facilities of Rs. 9,107 Lakhs of SBI Consortium of Term Loans:-

1. A first charge on pari passu basis by way of hypothecation on all the movable fixed assets (including plant and machineries) of the borrower, both present and future*
2. A second charge on pari passu basis by way of hypothecation on the entire Current Assets of the borrower, namely, raw materials, finished stock, stock in trade, finished goods, stock in process, receivables, stock in transit, work – in – progress, consumable stores and spares, bills receivables and Book Debts and all other movables (both present and future) but pertaining to the borrower

****First charge on pari passu basis by way of Equitable Mortgage on the following immovable properties:*** All that piece and parcel of land bearing Plot No. D/2/12/A/1 GIDC Dahej – II, Industrial Estate, Dahej GIDC, Off. Bharuch – Dahej Road, Village – Vadadala, Sub Dist – Vagra, Dahej, Bharuch – 392015, Gujarat, India admeasuring 133828.75 Sq. mtrs. Together with lease hold rights in the land/plots at Dahej Industrial Estate, notified area of Gujarat Industrial Development Corporation

GUARANTEES

Personal Guarantee –

1. Rajkumar Somani
2. Rakesh Somani
3. Sumeet Somani
4. Shankarlal Somani

Corporate Guarantee–

1. Dhanvirdhi Financial Consultants Private Limited

2. Loan of Rs. 2.45 Lakhs from ICICI Bank Limited

Nature of Facility	Auto Premium Loan
Loan Amount	Rs. 2.45 Lakhs
Rate of Interest	8.76%
EMI Amount	Rs.7,581.00
Security	Secured by hypothecation of Vehicle under Hire Purchase
Tenor	37 Months
Amount Outstanding as on December 31, 2017	2.39

3. Loan of Rs. 8.40 Lakhs from ICICI Bank Limited

Nature of Facility	Car Loan
Loan Amount	Rs. 8.40 Lakhs
Rate of Interest	9.52%
EMI Amount	Rs.21,110.00
Security	Secured by hypothecation of Vehicle under Hire Purchase
Tenor	48 Months
Amount Outstanding as on December 31, 2017	5.85

4. Loan of Rs. 8.10 Lakhs from ICICI Bank Limited

Nature of Facility	Construction Equipment Loan
Loan Amount	Rs. 8.10 Lakhs
Rate of Interest	10.51%
EMI Amount	Rs.21,100.00
Security	Secured by hypothecation of Equipment under Hire Purchase
Tenor	47 Months
Amount Outstanding as on December 31, 2017	1.61

UNSECURED BORROWING FROM OTHERS

1. The details of unsecured loan are as follows:

Sr.No.	Name of Lender	Amount Outstanding as on December 31, 2017
1.	Sumeet Industries Limited	1,254.97
2.	Betex India Limited	162.59

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated in this section and mentioned elsewhere in this Draft Red Herring Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, Subsidiaries, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters, Subsidiaries or Group Companies.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries including fines imposed or compounding of offences done in those five years; or (vi) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on April 02, 2018 determined that outstanding dues to creditors in excess of Rs. 2.00 lakhs as per last audited financial statements shall be considered as material dues (“Material Dues”).

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies, would be considered ‘material’ for the purposes of disclosure if the monetary amount of claim by or against the entity or person in any such pending matter exceeds 5.00 lakhs as determined by our Board, in its meeting held on April 02, 2018.

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered ‘material’ only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company.

Unless otherwise stated to the contrary, the information provided is as of the date of this Prospectus.

For the purpose of this Chapter, Income Tax Act, 1961 is referred to as the ‘I.T. Act’.

LITIGATIONS INVOLVING OUR COMPANY SUMEET POLY POWER PRIVATE LIMITED NOW KNOWN AS SUMICOT LIMITED

LITIGATIONS AGAINST OUR COMPANY

Criminal Litigations

Nil

Civil Proceedings

LABOUR CASE

1. SURESH SOMA BHAI VASAVA V. SUMEET POLY POWER PRIVATE LIMITED

Suresh Soma bhai Vasava (“**Applicant**”) has filed a Statement of Demand having reference number 334/2016 dated April 01, 2017 against our Company before the Presiding Officer Saheb of Labour Court of Bharuch. Suresh Vasava was a driver in our Company and we were liable to comply with the provisions of various acts under the labour laws. He rendered his services to our Company from August 19, 2016 with a monthly salary of Rs. 10,500/-. He was not provided the benefits of attendance card, provident fund statement, appointment letter, confirmation letter under the provisions of labour law. The Applicant also stated that he was verbally terminated from his duty on October 06, 2016. The matter is currently pending.

Taxation Matters

1. FOR AY 2016-17

Income Tax Department’s website under the head- ‘*Response to Outstanding Tax Demand*’ for our Company displays outstanding demand of **Rs. 27,55,480/-** raised on May 26, 2017 vide notice issued under Section 245 of the I.T. Act. The matter is currently pending and the amount is currently outstanding.

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Proceedings against Our Company for economic offences/securities laws/ or any other law

Nil

Penalties in Last Five Years

Nil

Pending Notices against our Company

Nil

Past Notices to our Company

Nil

Disciplinary Actions taken by SEBI or stock exchanges against Our Company

Nil

Defaults including non-payment or statutory dues to banks or financial institutions

Nil

Details of material frauds against the Company in last five years and action taken by the Companies.

Nil

LITIGATIONS FILED BY OUR COMPANY

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

Nil

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law

Nil

LITIGATIONS INVOLVING DIRECTOR/S OF OUR COMPANY

LITIGATIONS AGAINST DIRECTOR/S OF OUR COMPANY

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

SUMEET SHANKARLAL SOMANI (DIRECTOR)

1. FOR AY 2009-10

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' for the Director displays an outstanding demand of **Rs. 41,530/-** raised under Section 154 of the I.T. Act vide notice dated March 20, 2017 issued under Section 245 of the I.T. Act. The amount is currently outstanding.

2. FOR AY 2015-16

The Income Tax Department's website under the head 'Response to Outstanding Tax Demand' for the Director displays an outstanding demand of **Rs. 340/-** raised under Section 220(2) of the I.T. Act vide notice dated March 04, 2017 issued under Section 245 of the I.T. Act. The amount is currently outstanding.

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Past Penalties imposed on our Directors

Nil

Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law

1. SUMEET KUMAR SOMANI AND ANOTHER V. SEBI

For details pertaining to this litigation please refer 'Litigation against our Group Company' (Sumeet Industries Limited) sub-heading Proceedings initiated against our Promoters for Economic offences/securities laws/ or any other law. Appeal numbers 113 of 2014, 114 of 2014 and 115 of 2014 were heard together and a joint order was passed in these matters.

Directors on list of wilful defaulters of RBI

Nil

LITIGATIONS FILED BY DIRECTOR/S OF OUR COMPANY

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

Nil

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

LITIGATIONS INVOLVING PROMOTER/S OF OUR COMPANY

LITIGATIONS AGAINST OUR PROMOTER/S

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

RANGILA FABRICS PRIVATE LIMITED (PROMOTER COMPANY – I)

1. FOR AY 2011-12

Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - I displays outstanding demand of **Rs. 1,990/-** under Section 143(3) of the I.T. Act raised vide notice dated March 24, 2014 under Section 245 of the I.T. Act. The matter is currently pending and the amount is currently outstanding.

2. FOR AY 2012-13

- a) Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - I displays outstanding demand of **Rs. 10,000/-** under Section 271(1)(b) of the I.T. Act raised vide notice dated September 23, 2015 issued under Section 245 of the I.T. Act. The matter is currently pending and the amount is currently outstanding.
- b) Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - I displays outstanding demand of **Rs. 4,000/-** under Section 143(3) of the I.T. Act raised vide notice dated March 28, 2015 issued under Section 245 of the I.T. Act. The matter is currently pending and the amount is currently outstanding.

3. FOR AY 2014-15

The Promoter Company – I filed a return of income on November 25, 2014 declaring total income at Rs. NIL. The case was selected for scrutiny through CASS and requisite notices under section 143 (2) and under section 142 (1) of the I.T. Act were issued but could not be served upon the Promoter Company - I due to change of address of the Promoter Company - I w.e.f September 04, 2015. Compliances of the requirements of the Notices under section 142 (1) and under Section 143 (2) of the I.T. Act could not therefore be made before the Income Tax Officer, Ward 13 (3), Kolkata ("**Assessing Officer**"). Promoter Company - I therefore failed to comply with the requirements of filing explanation called for as regards to amount received for issue of share capital along with premium. The assessment was made on December 08, 2016 without allowing any further opportunity to the Promoter Company - I to represent the case. The Assessing Officer passed an assessment order dated December 08, 2016 under Section 144 of the I.T. Act treating the entire amount of share capital along with premium of Rs. 4,90,00,000/- received in earlier year as undisclosed cash credit and adding the same in computing the total income of the Promoter Company - I. Penalty proceeding under

Section 271 (1)(c) of the I.T. Act were initiated for concealment of income of Rs. 4,90,00,000/- and separate penalty proceeding under Section 271(1)(b) of the I.T. Act were initiated separately for non-compliance of notice dated August 28, 2015 under Section 143 (2) of the I.T. Act and dated November 10, 2016 under Section 142 (1) of the I.T. Act. A demand dated December 08, 2016 under Section 156 of the I.T. Act of **Rs. 1,92,72,330/-** was raised in the matter. Being aggrieved by the assessment order an addition appeal dated March 30, 2017 is filed before the Commissioner of Income-tax (Appeals). The Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - I displays outstanding demand of Rs. 2,29,01,160/- under Section 154 of the I.T. Act vide notice dated April 19, 2017 issued under Section 245 of the I.T. Act The Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - I displays an outstanding demand of and Rs. 10,000/- raised under Section 271(1)(b) of the I.T. Act vide notice dated June 29, 2017 issued under Section 245 of the I.T. Act. The amount is currently outstanding.

BETEX INDIA LIMITED (PROMOTER COMPANY – II)

4. FOR AY 2008-09

Promoter Company – II is engaged in the business of Jobwork of Dyeing and printing of synthetics cloth on job work basis and had filed e-return of income declaring total income of Rs. Nil/- on September 30, 2008. The case was reopened and notice was issued on March 31, 2015 under Section 148 of the I.T. Act. Promoter Company – II filed return of income in response to the notice on July 16, 2015 in response to notice. A questionnaire dated February 25, 2016 under Section 142 (1) of the I.T. Act was issued to the Promoter Company – II in respect of share application money of Rs. 2,20,00,000/- issued to the Promoter-I. The Deputy Commissioner of Income Tax passed an assessment order dated March 28, 2016 under Section 143 (3) read with Section 147 of the I.T. Act making additions of Rs. 2,20,00,000/- on account of unexplained cash credit under Section 68 of the I.T. Act. A penalty proceeding was initiated under Section 271 (1)(c) of the I.T. Act. Further, an order was passed to charge interest under Section 234A/B/C of the I.T. Act. A notice of demand dated March 28, 2016 under Section 156 of the I.T. Act was issued with D&CR no. 36/F/2015-16/BLOCK for demand outstanding of **Rs. 48,45,240/-**. Being aggrieved by the assessment order, the Promoter Company – II filed an appeal dated June 14, 2016 under Section 246A of the I.T. Act before the Commissioner of Income Tax (Appeal). The matter is currently pending. Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - II displays outstanding demand of Rs. 40,95,240/- under Section 148 of the I.T. Act vide notice dated March 28, 2016 under Section 245 of the I.T. Act. The matter is currently pending.

5. FOR AY 2009-10

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and had filed its return of income on September 30, 2009 showing total income of Nil. A search action dated February 19, 2015 was carried out under Section 132 of the IT Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice u/s 153A was issued on December 30, 2015. In response to this notice, the Promoter Company II filed return of income showing total income of 17,00,000/-. Notice was issued on June 23, 2016 u/s 143(2) and notice u/s 142(1) was issued on October 17, 2016. The Assessing Officer issued a show-cause notice dated August 29, 2017, to show as to why the job work data in the 'purchi.exe' amounting to Rs. 8,40,70,935/-, should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. The Promoter Company - II issued share capital of Rs. 49,69,370/- and share premium of Rs. 7,45,40,550/- and received share application money of Rs. 7,95,10,000/- in AY 2008-09 and AY 2009-10 from allottees Rangila Fabrics Pvt Ltd. and Survika Vinimay Pvt Ltd. The Assessment Officer issued a show cause notice u/s 68 of the I.T Act dated August 29, 2017 as to why Rs. 7,95,09,920/- (as unexplained cash credit in FY 2009-10 that AY 2010-2011) was not charged to income tax and it was alleged that the companies to whom shares were allotted and investment received itself was a bogus one. The Promoter Company – II replied on September 26, 2017 stating that Section 68 did not

apply to them and submitted evidence as to genuineness of the aforementioned investors. The submission was rejected and an Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 8,40,70,935/- which came to Rs. 1,68,14,187/- was added to towards income of Promoter Company - II, total income being Rs. 12,78,690/- . Income tax was assessed u/s 143(3) read with Section 147 of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A, 234B, 234C, 234D was charged. Share Capital of Rs. 7,95,09,920/- received against non-convertible preference shares was treated as unexplained cash credits and was also added to the total income. A notice of demand with reference number D&CR 08/41/2017-18/BLOCK dated October 16, 2017 was issued under Section 156 of the I.T Act for demand outstanding amounting to **Rs. 5,05,99,180/-**. This is same as outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 18, 2017 under Section 246A of the I.T. Act. The matter is currently pending.

6. FOR AY 2010-11

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and filed its return of income on October 05, 2010 showing total income of Rs. 5,20,050/-. Notice u/s 153A was issued on December 30, 2015. In response to this notice the Promoter Company II filed return of income showing total income of 21,20,050/-. A search action dated February 19, 2015 was carried out under Section 132 of the I. T Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice u/s 143(2) was issued on June 23, 2016 and notice u/s 142(1) was issued on October 17, 2016. The Assessing Officer issued a Show Cause Notice dated August 29, 2017 to show as to why the job work data in the purchi.exe amounting to Rs. 7,88,23,982/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. Further, the Promoter Company - II issued share capital of Rs. 49,69,370/- and received share premium of Rs. 7,45,40,550/-. Promoter Company – II had received share application money of Rs. 7,95,10,000/- from allottees Rangila Fabrics Pvt Ltd. and Survika Vinimay Pvt Ltd. The Assessment Officer issued a show cause notice u/s 68 of the I.T Act dated August 29, 2017 as to why Rs. 7,95,09,920/- was not charged to income tax and it was alleged that the companies to whom shares were allotted and investment received itself was a bogus one. The Promoter Company – II replied on September 26, 2017 stating that Section 68 of the I.T Act did not apply to them and submitted evidence as to genuineness of the aforementioned investors. The submission was rejected and an Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 7,88,23,982/- which came to Rs. 1,57,64,796/- was added to towards income of Promoter Company - II, total income being Rs. 49,44,330/-. Income tax was assessed u/s 143(3) read with Section 147 of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234ABCD was charged. Share Capital of Rs. 7,95,09,920/- received against non-convertible preference shares was treated as unexplained cash credits and added to the total income. A notice of demand dated October 16, 2017 with reference number D&CR 09/41/2017-18/BLOCK was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 6,22,69,590/-**. The amount is same as the outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T Act. The matter is currently pending.

7. FOR AY 2011-12

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and filed its return of income on September 27, 2011 showing total income of Rs. 1,76,30,100/-. A search action dated February 19, 2015 was carried out under Section 132 of the IT Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice u/s 153A was issued on December 30, 2015. In response to this notice the Promoter Company II filed return of income showing total income of 2,07,30,105/- Notice u/s 143(2) was issued on June 23, 2016 and notice u/s 142(1) was issued on October 17, 2016. The Assessing Officer issued a show cause notice dated August 29, 2017 to show as to why the job work data in the purchi as amounting to Rs. 15,04,36,907/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26,

2017, but the submission was rejected. An Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 15,04,36,907/- which came to Rs. 3,00,87,381/- was added to towards income of Promoter Company - II, total income being Rs. 2,07,30,105/-. Income tax was assessed u/s 143(3) read with Section 153A of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234ABCD was charged. A notice of demand dated with reference number D&CR 10/41/2017-18/BLOCK October 16, 2017 was issued under Section 156 of the I.T. Act for demand outstanding amounting to **Rs. 2,43,01,730/-**. This is same as outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T Act. The matter is currently pending.

8. FOR AY 2012-13

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and filed its return of income on September 28, 2012 showing total income of Rs. 1,37,93,410/-. A search action dated February 19, 2015 was carried out under Section 132 of the IT Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice u/s 153A was issued on December 30, 2015. In response to this notice the Promoter Company II filed return of income showing total income of 1,60,43,410/-. Notices u/s 143(2) and 142(1) were issued on June 23, 2016 and October 17, 2016 respectively. The Assessing Officer issued a show cause notice dated August 29, 2017 to show as to why the job work data in the purchi as amounting to Rs. 10,96,98,875/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. An Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 10,96,98,875/- which came to Rs. 2,19,39,775/- was added to towards income of Promoter Company - II, total income being Rs. 1,60,43,410 /-. Income tax was assessed u/s 143(3) read with Section 153A of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A/B/C/D was charged. A notice of demand with reference number D&CR 11/41/2017-18/BLOCK dated October 16, 2017 was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 1,37,90,080/-**. This is same as outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T Act. The matter is currently pending.

9. FOR AY 2013-14

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and filed its return of income on September 30, 2013 showing total income of Rs. 42,13,060/-. A search action dated February 19, 2015 was carried out under Section 132 of the IT Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice u/s 153A was issued on December 30, 2015. In response to this notice the Promoter Company II filed return of income showing total income of 64,63,070/-. Notices u/s 143(2) and 142(1) were issued on June 23, 2016 and October 17, 2016 respectively. The Assessing Officer issued a show cause notice dated August 29, 2017 to show as to why the job work data in the purchi.exe amounting to Rs. 10,96,75,107/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. An Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 10,96,75,107/- which came to Rs. 2,19,35,021/- was added to income of Promoter Company - II, total income being Rs. 64,63,070/-. Income tax was assessed u/s 143(3) read with Section 153A of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A, 234B, 234C, 234D was charged. A notice of demand with reference number D&CR 12/41/2017-18/BLOCK dated October 16, 2017 was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 55,92,210/-**. This is same as outstanding amount as per Income

Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T Act. The matter is currently pending.

10. FOR AY 2014-15

Promoter Company - II is engaged in the business of Jobwork of Dyeing and printing of textile goods and filed its return of income on September 23, 2014 showing total income of Rs. 98,68,130/-. A search action dated February 19, 2015 was carried out under Section 132 of the I.T. Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notice under Section 153A of the I.T. Act was issued on December 30, 2015. In response to this notice, the Promoter Company II dated June 23, 2016 furnished the revised return of income which was filed on June 17, 2016 declaring total income at Rs. 1,33,68,140/-. Notices u/s 143(2) and 142(1) were issued on June 23, 2016 and October 17, 2016 respectively. The Assessing Officer issued a show cause notice dated August 29, 2017 to show as to why the job work data in the purchi.exe amounting to Rs. 17,32,54,733/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. An Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 17,32,54,733/- which came to Rs. 3,46,50,947/- was added to towards income of Promoter Company - II, total income being Rs. 1,33,68,140/-. Income tax was assessed u/s 143(3) read with Section 153A of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A/B/C/D was charged. A notice of demand with reference number D&CR 13/41/2017-18/BLOCK dated October 16, 2017 was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 1,49,28,980/-**. This is same as outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T Act. The matter is currently pending.

11. FOR AY 2015-16

Promoter Company - II is engaged in the business of jobwork of dyeing and printing of textile goods and filed its return of income on September 29, 2015, showing total income of Rs. 16,02,730/-. A survey action dated February 19, 2015 was carried out under Section 132 of the IT Act at the factory premises of the Promoter Company - II. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. Notices dated August 04, 2016 u/s 143(2) and 142(1) were issued. The Assessing Officer issued a show cause notice dated August 29, 2017 to show as to why the job work data in the purchi.exe amounting to Rs. 21,11,63,539/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company - II submitted a detailed justification vide submission dated September 26, 2017 which was rejected. An Assessment order dated October 16, 2017 was passed by the Dy. Commissioner of Income-tax wherein profit @ 20% on receipts of unaccounted job work of Rs. 21,11,63,539/- which came to Rs. 4,22,32,708/- was added to towards income of Promoter Company - II, income being Rs. 16,02,730/-. Income tax was assessed u/s 143(3) read with Section 153A of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A/B/C/D was charged. A notice of demand with reference number D&CR 14/41/2017-18/BLOCK dated October 16, 2017 was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 1,50,83,600/-**. This is same as outstanding amount as per Income Tax Screenshot. The Promoter Company - II has filed an appeal dated November 20, 2017 under Section 246A of the I.T. Act. The matter is currently pending.

12. COMMISSIONER OF CENTRAL EXCISE, CUSTOMS AND SERVICE TAX, SURAT I V. M/s SUMEET SILK MILLS (PROP. BETEX INDIA LTD)

DGCEI, Regional Unit, Vadodara searched the factory premises of M/s Sumeet Silk Mills on July 10, 2003. On the Search of DGCEI unit, booked the case of clandestine removal of 1242430 L. Mtr. Of processed fabric on the unit. A pre-deposit of Rs. 20,00,000/- was made at the time of investigation vide challans dated July 14, 2003 and August 01, 2003. The Additional Director, DGCEI, Ahmedabad issued a show cause notice F. No. DGCEI/AZU/36-58/2004 dated November 11, 2001 for personal hearing of the matter in the office of Additional Commissioner, Central Excise & Customs, Surat – I (“**Additional Commissioner**”) and the matter was adjudicated vide Order-In-Original number 01/ADC-PS/OA/2007 dated June 28, 2007. Being

aggrieved by order-in-original Promoter Company II filed an appeal before the Office of Commissioner (Appeals), Central Excise and Customs Appeal (“**Commissioner (Appeals) Surat – I**”) The Commissioner (Appeals), Surat – I passed an Order-In-Appeal number RKA/629-630/SRT-I/2008 dated August 25, 2008. Another appeal which was filed against this order with Central Excise Service Tax Appellate Tribunal, Ahmedabad (“**CESTAT**”) and it has passed a final order number A/10595/2015 dated May 12, 2015 directing the Additional Commissioner to re-quantify the demand of duty extending the benefit of cum-duty price and also directed Promoter Company – II to pay up entire amount of duty along with interest and 25% penalty of duty within 30 days from the date of communication of this order. The total dues payable by the Promoter Company- II is **Rs. 19,76,594/-** which is as follows:

- i) Central Excise Duty of Rs. 15,81,275/-
- ii) Interest – NIL
- iii) Penalty (25% of duty of Rs. 15,81,275/-) is Rs. 3,95,319/-

Recovery letter dated September 4, 2013 was issued by Superintendent Central Excise & Customs, Range IV, Division-III, Surat-I which the Promoter II replied vide its letter dated September 17, 2013.

Similarly, under the hand of Assistant Commissioner, Central Excise & Customs, Division-III, Surat-I another recovery letter dated October 22, 2013 was issued, which was replied by the Promoter II vide its letter dated December 16, 2013.

Another recovery letter dated August 28, 2014 was issued by Superintendent Central Excise & Customs, Range IV, Division-III, Surat-I which the Promoter II replied vide its letter dated September 3, 2014.

After adjusting the pre-deposit of Rs. 20,00,000/-, the total dues refundable to the Promoter Company – II amounts to Rs. 23,406/-. The Promoter Company – II has made a request to the Additional Commissioner to refund the same. The matter is currently pending.

13. COMMISSIONER, CENTRAL EXCISE & CUSTOMS AND SERVICE TAX, SURAT I V/S. M/s SUMEET SILK MILLS (PROP. BETEX INDIA LTD) AND DINESH AGRAWAL

M/s Sumeet Silk Mills (“**Unit**”) is engaged in manufacturing of processed man-made fabrics falling under Chapter 54 of the Central Excise Tariff Act, 1985 (“**Excise Tariff Act**”). During the course of scrutiny of returns of the Unit, it was noticed that they have taken CENVAT credit of Rs. 22,13,789/- during 2003-04 AND 2004-05 on the basis of invoices issued by nine company which were discovered to be bogus and non-existing. They therefore were found to have availed CENVAT credit in contravention of provisions of Rule 7(2) of the Cenvat Credit Rules, 2002 and they also suppressed facts that the fabric suppliers were bogus and made up to evade payment of duty. The Additional Commissioner, Central Excise and Customs, Surat I (“**Additional Commissioner**”) issued a show cause notice dated December 18, 2008 demanding the recovery of the wrongly availed CENVAT credit of Rs. 22,13,789/- along with interest at the appropriate rate and proposed penalty on the unit equal to wrongly availed CENVAT credit and also on personal penalty on Dinesh Agrawal, authorized signatory of the unit. This show cause notice was adjudicated by the Additional Commissioner and passed an Order-In-Original number 44/ADJ/ADC-PSK/DEM/2009-10 dated July 31, 2009 was passed confirming the following:

- i) demand of **Rs. 22,13,789/-** wrongly availed as CENVAT credit,
- ii) demand of interest at appropriate rate,
- iii) imposed penalty of **Rs. 22,13,789/-** on the Unit under Section 11AC of the Central Excise Act, 1944 read with Rule 13 (2) of CENVAT Credit Rules, 2002 (now Rule 13 (1) of CENVAT Credit Rules 2004 and
- iv) imposed personal penalty of Rs. 2,21,379/- on the authorised signatory.

Being aggrieved by the Order-In-Original, the Unit filed an appeal before the Commissioner (Appeals) who passed an Order-In-Appeal number RKA/107-108/SRT-I/2011 dated March 14, 2011 remanding the matter

back to the original authority for deciding the matter afresh in light of Order no. A/55-185/AHD/2011 dated November 23, 2010/ January 24, 2011 by the CESTAT in another matter of different company. However, on examination by the Committee of Commissioners they were of the opinion that the order of Commissioner (Appeals) is not legal and proper as the Commissioner (Appeals) is legally barred to order *denovo* proceeding by the original Additional Commissioner. Therefore, an appeal dated June 06, 2011 under Section 35B(2) of the Central Excise Act, 1944 is preferred before CESTAT. The matter is currently pending.

AKASHGANGA PROCESSORS PRIVATE LIMITED (PROMOTER COMPANY – III)

14. FOR AY 2013-14

Promoter Company - III is engaged in the business of jobwork of dyeing and printing of textile goods. They had filed its return of income on September 30, 2013 showing total income of Rs. 34,56,290. A survey action dated February 19, 2015 was carried out under Section 133 of the I.T. Act at the factory premises of the Promoter Company- III. A notice dated August 08, 2016 u/s 148 of the IT Act was received by them. They filed return of income showing total income of 46,06,290/-. During the survey, it was discovered that income upto quantum of 5,53,10,170 found from purchi.exe is unaccounted job work and has escaped assessment. The Assessment Officer issued a show-cause notice dated August 29, 2017 to show why that was the case. The Promoter Company – III submitted a detailed justification vide submission dated September 18, 2017, which was rejected. An Assessment order dated September 29, 2017 was passed by the Dy. Commissioner of Income-tax, Central Circle-2, Surat wherein profit @ 20% on receipts of unaccounted job work of Rs. 5,53,10,170/- which came to Rs. 1,10,62,034/- was added towards income of Promoter Company – III, total income being Rs. 46,06,290/-. Income tax was assessed u/s 143(3) read with Section 147 of the I. T. Act, credit to be given for prepaid taxes after due verification, penalty u/s 271(1)(c) for furnishing inaccurate particulars and concealment of income and Interest u/s 234A/B/C/D was charged. A notice of demand with reference number D&CR No. 05/02/2017-18/Block dated September 29, 2017 was issued under Section 156 of the Income Tax Act for demand outstanding amounting to **Rs. 61,10,250/-**. The Promoter Company – III has filed an appeal dated November 07, 2017 under Section 246A of the I.T. Act before the Commissioner of Income-tax (Appeals). Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for Promoter Company - III displays outstanding demand of Rs. 48,87,200/- under Section 147 of the I.T. Act vide notice dated September 29, 2017 under Section 245 of the I.T. Act. The matter is currently pending..

15. FOR AY 2014-15

Promoter Company – III is engaged in the business of jobwork of dyeing and printing of textile goods. They had filed its return of income on November 25, 2014 showing total income of Rs. 25,25,290/- and also a revised return of Rs. 36,25,290/- on September 13, 2016. A search and survey action dated February 19, 2015 was carried out under Section 133A of the I.T. Act at the business premises of the Promoter Company – III. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. The Assessing Officer issued a show-cause notice dated December 23, 2016 to show as to why the job work data in the purchi.exe amounting to Rs. 5,32,64,540/- should not be treated as unaccounted job work income and not be added to their total income. The Promoter Company – III submitted a detailed justification vide submission dated December 28, 2016 and the same was rejected. An Assessment order dated December 12, 2016 was passed wherein the Assessment Officer estimated profit @ 20% on receipts of unaccounted job work of Rs. 5,32,64,540/- was added to income of Rs. 1,06,52,908/- the Promoter Company – III. The notice of demand with reference number D&CR No. 07/18/2016-17 is issued dated December 30, 2016 under Section 156 of the I.T. Act for amount of **Rs. 51,29,200/-**. Being aggrieved by the assessment order, Promoter Company – III has filed an appeal dated January 30, 2017 under Section 246A of the I.T. Act. However, Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' for Promoter Company - III displays outstanding demand of Rs. 36,21,390/- under Section 154 of the I.T. Act vide notice dated January 30, 2017 under Section 245 of the I.T. Act. The matter is currently pending.

16. FOR AY 2015-16

Promoter Company – III is engaged in the business of jobwork of dyeing and printing of textile goods. Promoter Company – III filed a return of income on September 29, 2015 declaring total income of Rs. 44,83,190/- A search and survey action dated February 19, 2015 was carried out under Section 133A of

the I.T. Act at the business premises of the Promoter Company – III. During the survey, from the back up of computer, deleted files were retrieved which contained purchi data. The Assessing Officer issued a show-cause notice dated August 29, 2017 to show as to why the job work data in the purchi.exe amounting to Rs. 5,11,85,046/- should not be treated as unaccounted job work income and not be added to the total income of the Promoter Company – III. Further, the Promoter Company – III submitted a detailed justification vide submission dated September 18, 2017 which was rejected. An Assessment order dated September 29, 2017 was passed by the Assessing Officer estimating profit margin of 20% on unaccounted job work income and made addition of Rs. 1,02,37,009/- to their total income. A notice of demand with reference number D&CR No. 04/1/2017-18 dated September 29, 2017 was issued under Section 156 of the Act for an outstanding demand amounting to **Rs. 47,76,100/-**. The Promoter Company – III has filed an appeal dated November 07, 2017 under Section 246A of the I.T. Act. However, Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' for Promoter Company - III displays outstanding demand of Rs. 38,19,880/- under Section 143(3) of the I.T. Act vide notice dated September 29, 2017 under Section 245 of the I.T. Act. The matter is currently pending.

RAKESH SOMANI (PROMOTER – I)

17. FOR AY 2015-16

The Income Tax Department's website under the head '*Response to Outstanding Tax Demand*' for Promoter - I displays an outstanding demand of **Rs. 74,160/-** raised under Section 143 (1)(a) of the I.T. Act vide notice dated September 15, 2016 under Section 245 of the I.T. Act. The amount is currently outstanding.

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Past Penalties imposed on our Promoters

Nil

Proceedings initiated against our Promoters for Economic offences/securities laws/ or any other law

1. RAJKUMAR SOMANI & 2 OTHERS V. SEBI

For details pertaining to this litigation please refer 'Litigation against our Group Company' (Sumeet Industries Limited) sub-heading Proceedings initiated against our Promoters for Economic offences/securities laws/ or any other law. Appeal numbers 113 of 2014, 114 of 2014 and 115 of 2014 were heard together and a joint order was passed in these matters.

Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years

Nil

Penalties in Last Five Years

Nil

Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in the past.

Nil

Adverse finding against Promoter for violation of Securities laws or any other laws

Nil

LITIGATIONS FILED BY OUR PROMOTER/S

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

Nil

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

LITIGATIONS INVOLVING OUR GROUP COMPANIES

LITIGATIONS AGAINST OUR GROUP COMPANIES

Criminal Litigations

Nil

Civil Proceedings

SUMEET INDUSTRIES LIMITED (GROUP COMPANY - I)

1. DAKSHIN GUJARAT VIJ CO. LIMITED V. SUMEET INDUSTRIES LIMITED & ANOTHER

There was a dispute regarding technical issues arising for transmitting electricity through short term open access amongst several industrial units in different areas of the State of Gujarat. It was regulated by (Terms and Conditions of Intra-State Open Access) Regulations, 2011 (“**Regulations**”) framed by Gujarat Electricity Regulatory Commission vide notification no. 3/2011 framed under the Electricity Act, 2003. Group Company – I is complaining about discrimination in performing their duties and therefore, they request to hold an inquiry in the matter. Group Company – I filed a special civil application number 7117 of 2014 to 7119 of 2014 before the High Court of Gujarat at Ahmedabad (“**High Court**”). The High Court passed an order dated May 21, 2014 applying the provisions of the Electricity Act, 2003 to direct the Central Electricity Authority to carry out investigation and hold an inquiry. The Central Electricity Authority shall after verification investigate the technical issues regarding constraint in upstream network for short term open access, if any. The Central Electricity Authority was directed to file its report before the High Court before June 13, 2014. Further, Dakshin Gujarat Vij. Co. Limited was directed to disclose full details as per the Regulations. The matter was posted for hearing on June 16, 2014.

Another civil application number 10386 of 2014 was filed for prayers that appropriate directions may be issued to the Gujarat Electricity Regulatory Commission not to pass any final order in petition number 1407 of 2014 and other allied matters. The High Court passed another order on September 16, 2014 deciding to hear all the similar petitions together and that all the matters will be decided thereafter within a period of four weeks after considering the material that may be placed on record for consideration including the report of Central Electricity Authority dated August 20, 2014. The civil applications stood allowed. The matter is pending final disposal of the case.

2. GUJARAT ENERGY TRANSMISSION COMPANY LIMITED AND OTHERS V. SUMEET INDUSTRIES LIMITED, GUJARAT ELECTRICITY REGULATORY COMMISSION AND 14 OTHERS

Gujarat Energy Transmission Company Limited (“**GETCO**”) and others filed a special civil application number 9679 of 2015 before the High Court of Gujarat at Ahmedabad (“**High Court**”). **Sumeet Industries Limited** (“Group Company – I”) along with other respondents had sought for Short Term

Open Access (“STOA”) to the use of transmission network of the Petitioner but were denied such open access by GETCO on account of transmission constraints in the relevant network and collectively filed petitions before the State Commission challenging the actions of the petitioners. Hence, they were impleaded as parties before the Gujarat Electricity Regulatory Commission (“State Commission”) by way of IA no. 8 of 2014. M/s Bayer Vapi and others had approached the High Court by filing special civil application number 7117 of 2014 (details of the case are mentioned at (1) above). These petitions have sought direction to hold an inquiry into the genuineness of the claim of constraint in the upstream transmission network in Dakshin Gujarat and Madhya Pradesh. These matters are pending before the High Court and listed on June 15, 2015. The Central Electricity Authority (“CEA”) submitted its report to the High Court on August 20, 2014. Mr. VJ Talwar a private consultant was appointed dated April 19, 2014. VJ Talwar report was also submitted to the High Court which concluded that the curtailment of open access to 126 consumers in Central and Southern Gujarat on the pretext of transmission constraints and over loading of upstream network was misconceived, unwarranted, arbitrary and not tenable in terms of Regulatory Provisions and therefore is liable to be set aside immediately.

Group Company – I had filed a petition number 1407 of 2014 dated August 16, 2014 for withdrawal/denial of short term open access from March 20, 2014 due to rise in the demand leading of STOA from March 20, 2014 due to rise in the demand leading to STOA from April 01, 2014 by GETCO for collective transitions and other open access relating issues. The State Commission passed an order dated January 16, 2015 accepting the report of VJ Talwar to be correct and rejected the report given by CEA.

For this same issue another petition Special Civil Application 7117 of 2014 and other allied matters are pending before the High Court. GETCO prays to the High Court to set aside the order dated January 16, 2015 passed by the State Commission. The matter is currently pending.

Taxation Matters

Since, Betex India Limited is a Promoter Company as well as Group Company. Hence for tax proceedings against Betex India Limited please refer the heading ‘Litigation against our Promoter’.

INCOME TAX PROCEEDINGS OF SUMEET INDUSTRIES LIMITED (GROUP COMPANY – I)

1. FOR AY 2009-10

Group Company - I is engaged in the business of polyester chips, polyester filament yarn (POY and FDY) and polypropylene multifilament yarn. A search action under Section 132 of the I.T. Act was carried out on February 19, 2015 in Group Company – I. During the course of search some incriminating documents were found which related to the Group Company – I. Therefore, after recording the reasons, the case was selected for scrutiny by issuing notice under Section 153A of the I.T. Act. Another notice under Section 153A was issued on December 30, 2015 and in response the Group Company – I furnished return of income (filed on May 06, 2016) on May 26, 2016 declaring total income of Rs. 5,37,43,230/-. Subsequently, notice under Section 143 (2) and 142 (1) along with questionnaire was issued on May 27, 2016. Deputy Commissioner of Income Tax, Surat (“DCIT”) passed an assessment order dated December 29, 2017 declaring tax with interest under Section 234A/ B/ C/ D of Rs. 30,55,098/-. A notice of demand with reference number D&CR No. 29/44/2017-18/Block dated December 29, 2017 is issued under Section 156 of the I.T. Act for outstanding demand of **Rs. 38,19,390/-**. Our Group Company - I has filed a rectification reply dated January 16, 2018 under Section 154 of the IT Act for non-consideration of MAT credit by the Assessing Officer. The Income Tax Department’s website under the head- ‘Response to Outstanding Tax Demand’ for our Group Company - I displays an outstanding demand of Rs. 33,87,362/- raised under Section 143(1)(a) of the I.T. Act vide notice dated January 20, 2011 under Section 245 of the I.T. Act. The amount is currently outstanding and the matter pending.

2. FOR AY 2012-13

Group Company - I is engaged in the business of polyester chips, polyester filament yarn (POY and FDY) and polypropylene multifilament yarn and had filed return of income for the AY 2012-13 dated September 28, 2012 declaring total income at Rs. 27,23,00,220. A search action under Section 132 of the I.T. Act was carried out on February 19, 2015 in the group cases of Group Company – I. During the course of search action some incriminating documents were found which related to Group Company – I. Therefore, after recording the reasons the case was selected for scrutiny by issuing notice under Section 153A of the I.T. Act which was issued as on December 30, 2015. Thereafter, Group Company I furnished return of income dated May 06, 2016 declaring total income at Rs. 27,23,00,220/-. Subsequently, notice under Section 143 (2) of the I.T. Act was issued on May 27, 2016. Another notice under Section 142 (1) of the I.T. Act was issued on August 31, 2017 along with questionnaire. The Deputy Commissioner of Income Tax, Central Circle – 2, Surat passed an Assessment Order on December 29, 2017 under Section 143 (3) read with Section 153A of the I.T. Act. The unsecured loans of Rs. 1,64,60,273/- received by the Group Company – I is treated as unexplained cash credits under Section 68 of the I.T. Act and was added to the total income. Since the Group Company – I could not furnish any evidence to prove that the shares invested under Qualified Institutional Placement were genuine, the amount of Rs. 42,31,67,250/- was treated as unexplained cash credit under Section 68 of the I.T. Act and added to the total income of the Group Company – I. The penalty proceedings were initiated under Section 271 (1)(c) of the I.T. Act. A credit was given for prepaid taxes after due verification and an interest under Section 234A/B/C/D was granted as per law. A notice of demand was issued dated December 29, 2017 under Section 156 of the I.T. Act for demand outstanding of **Rs. 7,43,78,850/-**. Group Company – I has filed an appeal dated January 19, 2018 under Section 246A before the Commissioner of Income-tax (Appeals). The Income Tax Department's website under the head- '*Response to Outstanding Tax Demand*' for our Group Company - I displays outstanding demand of Rs. 68,140/- under Section 143(1)(a) of the I.T. Act vide notice dated January 28, 2014 under Section 245 of the I.T. Act. The matter is currently pending. Group Company - I has filed a rectification reply dated January 16, 2018 under Section 154 of the IT Act for non-consideration of MAT credit and differentiation arising on account of TDS calculation. The matter is currently pending.

3. FOR AY 2014-15

Group Company – I is engaged in the business of polyester chips, polyester filament yarn (POY and FDY) and polypropylene multifilament yarn had filed return of income for the AY 2014-15 dated November 29, 2014 declaring total income to be Nil. A search action dated February 19, 2015 under Section 132 of the I.T. Act on the Group Company – I. During the search action some incriminating documents were found which related to the Group Company – I. After recording the reasons, the case was selected for scrutiny by issuing notice under Section 153A of the I.T. Act. The notice under Section 153A of the I.T. Act was issued on December 30, 2015 to the Group Company – I. In response to the said notice the assessee furnished the return of income dated May 06, 2016 declaring total income as NIL. Subsequently, notice dated May 27, 2016 was issued under Section 143 (2) of the I.T. Act. Another notice dated August 31, 2017 was issued under Section 142 (1) of the I.T. Act along with questionnaire. During the search and survey action on the Group Company – I, details of job work of Rs. 2,56,79,99,218/- on group concerns was not accounted for in their books of accounts. The Deputy Commissioner of Income Tax, Central Circle – 2, Surat (hereinafter referred to as the “**Assessing Authority**”) passed an assessment order dated December 29, 2017 under Section 143 (3) read with Section 153A of the I.T. Act. As per the Assessment Order passed the Group Company – I failed to pass the test as required under Section 68 of the IT Act to prove the identity of the shareholder/ creditor, genuineness of the transactions and creditworthiness of the shareholder/ creditor. The share capital of Rs. 3,50,00,000/- and unsecured loan of Rs. 3,73,37,114/- as received by the Group Company – I is treated as unexplained cash. A total of Rs. 7,23,37,114/- is disallowed under Section 68 of the IT Act. The total income under Section 115JB of the Group Company – I is assessed under Section 143 (3) read with Section 153A of the I.T. Act at Rs. 26,66,92,705/-. An interest is charged under Section 234A/B/C/D of the I.T. Act as applicable as per law. A notice of demand reference number D&CR No. 34/44/Block/2017-18 dated December 29, 2017 was issued under Section 156 of the I.T. Act for an outstanding demand amounting to **Rs. 13,92,410/-**. The Group Company – I has filed an appeal dated January 19, 2018 under Section 246A of the I.T. Act. The matter is currently pending.

4. FOR AY 2015-16

Group Company – I is engaged in the business of polyester chips, polyester filament yarn (POY and FDY) and polypropylene multifilament yarn. The Group Company – I had filed return of income on March 31, 2016 declaring total income for AY 2015-16 as NIL. The return of income was processed under Section 143 (1) of the I.T. Act. The case was selected for CASS scrutiny and a notice dated July 25, 2016 under Section 143 (2) of the I.T. Act was issued to the Group Company – I. Subsequently, another notice dated July 29, 2016 and August 31, 2017 under Section 142 (1) of the I.T. Act. There was a search and survey action conducted on the Group Company – I and other companies. There was unaccounted job works amounting to Rs. 256,79,99,218/-. The Deputy Commissioner of Income Tax, Central Circle – 2, Surat (hereinafter referred to as the “**Assessing Authority**”) passed an assessment order dated December 29, 2017 under Section 143 (3) of the I.T. Act. As per the Assessment Order passed the Group Company – I failed to pass the test as required under Section 68 of the I.T. Act to prove the identity of the creditor, genuineness of the transactions and creditworthiness of the creditor. Therefore, unsecured loans of Rs. 1,88,23,969/- as received by the Group Company – I is treated as unexplained cash credit and is disallowed. The income of the Group Company – I is assessed at Rs. 25,02,02,350/- under Section 115 JB of the I.T. Act. Further, credit of prepaid taxes is given to the Group Company – I. An interest is charged under Section 234A/B/C/D of the I.T. Act as applicable as per law. A notice of demand with reference number D&CR No. 35/44/Block/2017-18 dated December 29, 2017 was issued under Section 156 of the I.T. Act for demand outstanding amounting to **Rs. 10,72,740/-**. The Group Company – I vide letter dated January 16, 2018 filed a rectification under Section 154 of the I.T. Act under the provisions of transfer pricing. The Group Company – I has filed an appeal dated January 19, 2018 under Section 246A of the I.T. Act. The matter is currently pending.

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Past Penalties imposed on our Group Companies

Nil

Proceedings initiated against our Group Companies for Economic Offences/securities laws/ or any other law

Nil

Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Group Companies

Nil

Adverse finding against Group Companies for violation of Securities laws or any other laws

Nil

LITIGATIONS FILED BY OUR GROUP COMPANIES

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

CENTRAL EXCISE PROCEEDINGS

1. SUMEET INDUSTRIES LIMITED AND 59 OTHERS V. COMMISSIONER (APPEALS) CENTRAL EXCISE, CUSTOMS AND SERVICE TAX, SURAT II AND 16 OTHERS

Group Company - I had availed CENVAT credit of the duty paid on specified inputs and capital goods under Rule 2 and Rule 3 of the CENVAT Credit Rules, 2004. During the course of audit of Central Excise records of Group Company - I, it was noticed that CENVAT credit was availed for service tax for sales commission amounting to Rs. 95,555/- during the period September 2009 to August 2010 and Rs. 2,84,198/- was availed as CENVAT credit from April 2007 to March 2011. Group Company - I received three show cause notices a) F Nos. R-II/Sumeet/SCN/AR-No. 190/Para-3/10-11 dated April 19, 2011 issued by Superintendent, Central Excise for wrongly availing CENVAT credit of Rs. 96,555/- for the period from September 2009 to August 2010; b) F No. V(Ch. 54)3-07/Dem/11-12 dated April 19, 2011 issued by Assistant Commissioner, Central Excise demanding wrongly availed CENVAT credit of Rs. 96,555/- for the period from September 2009 to August 2010; and c) F No. V(Ch. 54) 3-03/Dem/10-11 dated June 22, 2012 issued by Assistant Commissioner, Central Excise for wrongly availing CENVAT credit of Rs. 2,84,198/- for the period from April 2007 to March 2011. The Assistant Commissioner of Central Excise & Customs and Service Tax, Surat II ("**Assistant Commissioner**") passed an Order-In-Original number 09/AC-DNS/DEM/2012 on August 31, 2012 demanding the following:

- i) CENVAT credit of service tax amounting to **Rs. 2,84,198/-** during period April 2007 to March 2011 under proviso to Section 11A (1) of the Central Excise Act, 1944 ("**Excise Act**") read with proviso to Section 73 of the Finance Act, 1994 read with Rule 14 of Cenvat Credit Rules, 2004 ('Cenvat Rules');
- ii) Interest recoverable on the said amount under Section 11AB of the Excise Act; and
- iii) Penalty amounting to **Rs. 2,84,198/-** on the Group Company - I and others under Section 11AC of the Excise Act read with Rule 15 (2) of the Cenvat Rules read with provisions of Section 78 of the Finance Act, 1994.

Being aggrieved by the Order-In-Original, Group Company - I filed stay application and an appeal before the Commissioner of Appeals Central Excise, Customs and Service Tax, Surat - II ("**Commissioner Appeals**"). The Commissioner Appeals issued stay order no. CCEA-SRT-II/ SSP-122 dated November 30, 2012 under Section 35F of the Excise Act directing the Group Company - I to pre-deposit the dues. Pursuant to this, Group Company - II filed an application for modification of the stay order. Commissioner Appeals passed a miscellaneous order no. CCEA-SRT-II/SSP-165 dated December 17, 2012 under Section 35F of the Act *ex-parte* rejecting the application of Group Company - I. Further, another order was passed having number CCEA-SRT-II/SSP-197 under Section 35A(3) of the Excise Act dated December 31, 2012 dismissing the appeal on the ground of non-compliance with the order and confirming the order passed by Assistant Commissioner.

Being aggrieved by Order-In-Appeal, Group Company - I filed further appeal with Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad ("**CESTAT**") which vide order number A/10401/WZB/AHD/2013 & M/11441/WZB/AHD/2013 dated March 14, 2013 allowed the appeal by way of remand and directed the Commissioner Appeals to consider the issue on merit of the case. It further directed Group Company - I to deposit an amount of Rs. 75,000/-. Group Company - II vide challan dated April 02, 2013 has deposited an amount of Rs. 75,000/-. The Commissioner Appeals passed an order number OIA-CCEA-SRT-II-SSP-136-2013-14 dated July 24, 2013 under Section 85 (4) of the Excise Act rejecting the appeal and confirming the demand under Order-In-Original. Group Company - I and others filed an appeal having number E/13596/2013 dated October 29, 2013 before the Customs, Excise & Service Tax Appellate Tribunal, Ahmedabad ("**CESTAT**"). The CESTAT passed a final order number A/12153-12219/2017 dated August 29, 2017 disposing of the appeals with the liberty to both the sides to approach CESTAT soon after the verdict of High Court of Gujarat in the pending appeal against the division bench judgement in Essar Steel India Limited vs C.C.E & S.T., Surat I - 2016 case filed by the revenue. The appeals were disposed off. Group Company - I filed an appeal dated September 05, 2017 before the CESTAT. The matter is pending.

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Proceedings initiated by our Group Companies for Economic Offences/securities laws/ or any other law

SUMEET INDUSTRIES LIMITED (GROUP COMPANY - I)

1. SUMEET INDUSTRIES LIMITED V. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI); RAJKUMAR SOMANI & TWO OTHERS V. SEBI AND SUMEET KUMAR SOMANI & ANOTHER V. SEBI

Group Company - I scrip was listed on BSE. The price of the scrip increased from Rs. 4.81 on December 05, 2006 to Rs. 34.25 on February 21, 2007 along with volume spurt (rise of 612%). The SEBI conducted investigation in the trading of the scrip of Group Company - I for the investigation period from October 01, 2006 to March 12, 2007. During the investigation period the Company came out with a number of favorable corporate announcements from the period December 11, 2006 to March 09, 2007 and there was a gradual price rise on the back of these announcements. Further, Promoter, Director, Promoter Group of our Group Company - I reduced their combined shareholdings in the company from 45.84% in quarter ended September 30, 2006 to 38.83% in quarter ended December 31, 2006 and further to 28.83% as on March 31, 2007. SEBI issued a common show cause notices (SCNs) dated March 19, 2012 to Group Company – I, Rajkumar Somani (Promoter-Director), Sumeet Somani (Director) and other promoter group related entities. Further, SEBI issued a Show Cause Notice (SCN) dated April 18, 2012 to Mr. Purshottam Khandelwal who was alleged to be connected with our Group Company - I. The allegation against our Group Company - I as per the SCN was that it had made false corporate announcements during the investigation period to influence the price and volumes of the shares. As on March 31, 2014 there was a list defaulter in payment of penalty imposed by SEBI.

The Adjudicating Officer passed an adjudication order on February 20, 2014 having number IVD/SIL/AO/DRK-CS/EAD-3/473-486/16-29-14 under Section 15I of SEBI Act, 1992 read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and imposed penalties for violation of provisions of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (PFUTP) and Section 15HA of the SEBI Act.

Sr. No.	Name of Parties	Violations	Amount of Penalty (Rs.)
1.	Group Company - I	Regulations 3(b)(c)(d) and 4(1), 4(2) (a), (d), (e), (f) and (r) of PFUTP and Section 12A(a), (b) and (c) of the SEBI Act	2,00,00,000
2.	Raj Kumar Somani (Promoter-Director)	Regulations 3(b)(c)(d) and 4(1), 4(2) (a), (d), (e), (f) and (r) of PFUTP and Section 12A(a), (b) and (c) of the SEBI Act	3,20,00,000
3.	Sumeet Kumar Somani (Director)	Regulations 3(b)(c)(d) and 4(1), 4(2) (a), (d), (e), (f) and (r) of PFUTP and Section 12A(a), (b) and (c) of the SEBI Act	1,00,00,000

The Whole Time Member (WTM) vide its order no. WTM/RKA/IVD/24-38/2014 dated May 21, 2014 under Section 11 and Section 11B of Securities and Exchange Board of India Act, 1992 and Section 12A of Securities Contracts (Regulation) Act, 1956 and thereby restrained our Group Company - I and its Promoter-Director from accessing the securities market and further prohibit them from buying,

selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the period as follows:

Sr. No.	Name of the Parties	Number of Years being debarred
1.	Group Company - I	2
2.	Mr Rajkumar Somani (Promoter-Director I)	3
3.	Mr. Sumeet Kumar Somani (Director I)	2

Being aggrieved by the WTM order dated May 21, 2014, our Promoter-Director I filed an appeal number 227 of 2014 before the SAT who passed an order dated June 30, 2016 stating that WTM of SEBI was justified in holding that trades executed by the Promoter-Director I during the investigation period were fraudulent and manipulative trades and therefore the wrongful gains made are liable to be disgorged. The quantum of unlawful gains determined by the WTM of SEBI being not in accordance with any precise norms, are set aside and WTM is directed to recompute the quantum of unlawful gains liable to be disgorged by the Promoter-Director I. Further, the period of restraint imposed was reduced from 3 years to period of restraint undergone by the Promoter Director I up to the date of the passing of the present order.

Being aggrieved by the WTM order dated May 21, 2014, our Group Company - I and Director I filed appeals having number 224 of 2014 and 226 of 2014 before the SAT, who passed an order dated June 30, 2016 upholding the order passed by WTM and found no fault in the with the impugned order. Further, SAT held that since Group Company - I and Director have already undergone punishment, question of considering any mitigating factor does not arise.

Being aggrieved by the Adjudicating Officer order dated February 20, 2014, Group Company - I, Promoter-Director I and Director I filed three appeals having number 113 of 2014, 114 of 2014 and 115 of 2014 before SAT where it has upheld the restraint order passed against Group Company - I and two of its directors. But there was a fault found in the quantum of unlawful gains and therefore it was quashed and the matters are restored for re-computing the unlawful gains. In the above appeals since the restraint order passed by Group Company, Director I and Promoter-Director I is upheld, the impugned order passed by Adjudicating Officer is set aside and the matter is restored for fresh decision on merits and in accordance with law. The Adjudicating Officer is directed to pass a fresh order on merits and in accordance with law.

SEBI re-examined the matter for the purpose of re-computing the quantum of unlawful gains. Pursuant to re-examination unlawful gains to the extent of Rs. 4,77,58,471/- were made by the Group Company - I, Promoter-Director I and Director I. SEBI issued SCN number EFD/DRA-1/SM/VJ/SCN/Sumeet/10606/1/2018 dated April 05, 2018 ("Letter") under Section 11B of the SEBI Act, 1992 to show cause as to why suitable directions under Section 11(4)(d) read with Section 11B of the SEBI act, 1992 for disgorgement of unlawful gains of Rs. 4,77,58,471/- should not be passed against them. The letter required Group Company – I to submit its reply within 21 days from the date of the receipt of the show cause notice and on instructions of the Group Company – I, the lawyers vide its letter dated April 27, 2018 have requested to file their response by end of June 2018. The matter is currently pending.

LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANIES

LITIGATIONS AGAINST OUR SUBSIDIARY COMPANIES

Criminal Litigations

Nil

Civil Proceedings

Nil

Taxation Matters

Nil

Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016

Nil

Past Penalties imposed on our Subsidiaries

Nil

Proceedings initiated against our Subsidiaries for Economic Offences/securities laws/ or any other law

Nil

Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Subsidiaries

Nil

Adverse finding against Subsidiaries for violation of Securities laws or any other laws

Nil

LITIGATIONS BY OUR SUBSIDIARIES

AS ON DATE OF THIS PROSPECTUS, OUR COMPANY DOES NOT HAVE ANY SUBSIDIARY

OTHER MATTERS

Nil

DETAILS OF ANY INQUIRY, INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANIES LAWS IN LAST FIVE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES

Nil

OUTSTANDING LITIGATION AGAINST OTHER COMPANIES OR ANY OTHER PERSON WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY

Nil

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET

Except as mentioned under the chapter — “Management Discussion and Analysis of Financial Condition and Result of Operation” on page 251 of this Prospectus, there have been no material developments, since the date of the last audited balance sheet.

OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

As of December 31, 2017, our Company had 197 creditors, to whom a total amount of Rs. 2291.14 lakhs was outstanding. As per the requirements of SEBI Regulations, our Company, pursuant to a resolution of our Board dated April 02, 2018, considered creditors to whom the amount due exceeds Rs. 2.00 lakhs as per our Company’s restated financials for the purpose of identification of material creditors. Based on the above, the following are the material creditors of our Company.

Creditors	Amount (Rs. In Lakhs)
Jalaram Ginning Factory	290.23
Sumeet Industries Limited	224.95
Vaibhavlaxmi Spinning Mills Limited	210.23

Creditors	Amount (Rs. In Lakhs)
Sujan Marketing Private Limited	197.05
DGVCL	164.87
M/S. Rajvir Industries	97.50
Super Cotton Industries	77.85
Shree Ganesh Cotsyn	76.50
Nishant Cotton Corporation	72.95
Sharda Textiles (Cyp)	61.85
Nilkanth Cotton Industries	59.03
Vishal Cottex	56.31
Raja Texspin LLP	50.49
K.J. Cotton Industries	39.34
Amber Spintex Private Limited	39.23
Ram Krishna Cotspin Private Limited	38.95
Amba Cotton Industries	38.39
Vrundavan Ginning & Oil Mill	37.50
Tribhuvan Spintex Pvt. Limited	32.99
The Surat Vankar Sahakari Sangh Limited	32.72
Shree Jay Ambe Industries	30.09
Hariom Ginning Ind Private Limited	20.16
Mahesh Ginning Pressing & Oil Industries	19.93
Raja Spintex LLP	19.86
M/S. R. L. Traders	19.68
Jay Bajrang Cotton Industries	19.62
Shree Ganesh Cotsyn	19.03
Sanvi Spinning Mill Private Limited.	16.34
Vinay Corporation	15.88
Shree Gopinath Paper Products Private Limited	12.83
Metro Packaging	12.51
Falcon Yarns (P) Limited.	10.58
Banthia Consultancy	9.21
Shree Pramukh Packaging	9.17
Milan Ginning Pressing Private Limited	9.04
Sustainable Spinning & Commodities Private Limited	8.98
IFCO Tokio General Insurance	8.51
Vandana Textiles	6.95
Mauli Enterprises	5.92
Inarco Private Limited	5.86
APCO Agencies	5.30
Mahesh Traders	4.98
Jitendrakumar Lalbhai & Co.	4.82
Misa Services Pvt Ltd (Maharashtra)	4.55
Somnath Cotton Pvt Ltd.	3.94

Creditors	Amount (Rs. In Lakhs)
Shree Vishwakarma Roadways	3.93
Cee Kay Mercantile Private Ltd	3.85
Narayani Industries	3.63
Shree Mahavir Enterprises	3.55
Varsha International Packers & Movers	3.38
Maa Durga Logistics	3.26
Jay Mataji Roadways	3.24
Associated Chemical Corporation	2.92
Krishnam Textile	2.85
Shah Enterprise	2.53
R And G Enterprise	2.22
Agro Trading Co	2.14
Nakoda Roadlines	2.10
Mo Khan & Co	2.08
Total	2,244.35

Further, none of our creditors have been identified as micro enterprises and small scale undertakings by our Company based on available information. For complete details about outstanding dues to creditors of our Company, please see the website of our Company www.sumicot.com

Information provided on the website of our Company is not a part of this Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website www.sumicot.com, would be doing so at their own risk.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, 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 Red Herring Prospectus 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. In order to operate our business manufacturing of cotton yarn, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer to the chapter titled “*Key Industry Regulations and Policies*” on page 157 of this Draft Red Herring Prospectus.

The Company has its business located at:

Registered Office: 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road, Surat – 395002, Gujarat, India.

Manufacturing Unit: D-2/12/A/1 Dahej (GIDC) -2 Village- Vadadala, Taluka –Vagra, Dist. Bharuch, Surat – 392130, Gujarat, India.

Branch Offices: NA

Sales and Corporate Office: 703, C.D., Trividh Chamber Opp. Fire Brigade Station, Ring Road Surat -395002, Gujarat, India.

Warehouse: NA

Raw Material storage: NA

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

APPROVALS FOR THE ISSUE

Corporate Approvals:

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on March 08, 2018, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Extra-Ordinary General Meeting held on April 02, 2018 authorized the Issue.

In- principle approval from the Stock Exchange

We have received in-principle approvals from the stock exchange for the listing of our Equity Shares pursuant to letter dated [●] bearing reference no. [●].

Agreements with NSDL and CDSL

1. The Company has entered into an agreement dated April 16, 2018 with the Central Depository Services (India) Limited (“CDSL”) and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated April 23, 2018 with the National Securities Depository Limited (“NSDL”) and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number (“ISIN”) is INE00DA01013.

INCORPORATION AND OTHER DETAILS

1. The Certificate of Incorporation dated November 25, 2010 issued by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli in the name of “SUMEET POLY POWER LIMITED”.
2. Fresh Certificate of Incorporation consequent pursuant to change of name from “SUMEET POLY POWER LIMITED” to “SUMICOT LIMITED” was issued on February 08, 2018 by the Assistant Registrar of Companies, Ahmedabad.
3. The Corporate Identification Number (CIN) of the Company is U40106GJ2010PLC063028.

APPROVALS/LICENSES RELATED TO OUR BUSINESS ACTIVITIES

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
1	Certificate of Importer-Exporter Code (IEC)	Foreign Trade Development Officer, Office of Jt. Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India	5213008160	June 28, 2013	In case of change in name/address or constitution of IEC holder, the IEC holder shall cease to be eligible to Import or Export against the IEC after the expiry of 90 days from the date of such a change unless in the meantime, the consequential changes are effected in the IEC by the concerned licensing authority.

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
2	Registration Certificate of Establishment (under Bombay Shops and Establishments Act, 1948)	Shops and Establishment Inspector, Surat Municipal Corporation	CZ/C/3/242373	July 05, 2017 Renewed on: February 27, 2018	December 31, 2020
3	Entrepreneurs Memorandum for setting micro, small and medium Enterprises Unit	Ministry of Commerce & Industry, Department of Industrial Policy & Promotion, Secretariat for Industrial Assistance, Government of India	354/SIA/IMO/2013	Original: February 22, 2013	NA
3A			Amendment No.: 1	Amended dated January 27, 2016	
4	License to work a factory (under Factories Act, 1948 and Rules made thereunder)	Directorate Industrial Safety and Health, Gujarat State	904/17121/2014 License No.: 21333	May 19, 2017	December 31, 2018
5	Sanction of Interest Subsidy in Spinning(@7% per annum under Gujarat Textile Policy, 2012)	Additional Industries Commissioner (Ext.)	IC/Salt &Text/157931/147/1100048	August 06, 2015	Sanctioned for five years

TAX RELATED APPROVALS/LICENSES/REGISTRATIONS

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
1	Permanent Account Number (PAN)	Income Tax Department, Government of India	AAPCS0106D	December 04, 2010	Perpetual
2	Tax Deduction Account Number (TAN)	Income Tax Department, Ministry of	SRTS13287B	March 22, 2013	Perpetual

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
		Finance, Government of India			
3	Certificate of Registration and Goods and Service Tax Identification Number (GSTIN)	Government of Gujarat and Government of India	24AAPCS0106D1ZU	Original: September 19, 2017 Amended: March 28, 2018	NA
3	Certificate of Registration (under Gujarat Value Added Tax Act, 2003 read with Rule 6 of the Gujarat Value Added Tax Rules, 2005)	Commercial Tax Officer, Unit - 56, Commercial Taxes Department, Government of Gujarat.	24210700448	March 15, 2013 Effective from: March 08, 2013	NA
4	Eligibility Certificate for VAT Concession	Additional Industries Commissioner (Ext.)	IC/salt-tex/157931/147/1100 043	August 06, 2015 Valid from: August 01, 2014	July 31, 2022
5	Certificate of Registration of Service Tax (under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994)	Central Board of Excise and Customs, Ministry of Finance, Department of Revenue	AAPCS0106DSD001	April 17, 2013	NA
6	Certificate of Registration of Central Sales Tax (under Section 7(1) / Section 7 (2) of Central Sales Tax Act, 1957 and Rule 5(1) of Central Sales Tax (Registration and	Gujarat Commercial Tax Department, Government of Gujarat.	24710700448	March 15, 2013 Valid from: March 08, 2013	Until Cancelled

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
	Turnover) Rules, 1957)				
7	Central Excise Registration Certificate (under Rule 9 of the Central Excise Rules, 2002)	Assistant Commissioner of Central Excise, Central Board of Excise and Customs, Division Bharuch, Vadodara Commissionerate – II, Ministry of Finance, Department of Revenue	AAPCS0106DEM001	April 25, 2014	Valid till the Registrant carries on the activity for which it has been issued or surrenders or revokes or suspended.
8	Professional Tax Enrollment Certificate (PTEC) (under Section 5 (2) of Gujarat State Tax on Profession Trade and Callings, Act, 1976)	Deputy Professional Tax Officer, Taluka Panchayat Vagara, Surat Municipal Corporation, Government of Gujarat	Manufacturing Unit: 2100300570023 Corporate Office: PEC03CZ00116671	May 21, 2015 July 06, 2017	NA
9	Professional Tax Registration Certificate (PTRC) (under Section 5 (2) of Gujarat State Tax on Profession Trade and Callings, Act, 1976)	Profession Tax Officer, Surat Municipal Corporation, Government of Gujarat	PRC03CZ00020828	July 01, 2014	NA

LABOUR RELATED APPROVALS/REGISTRATIONS

Sr. No.	Description	Authority	Registration No./Reference No./License No.	Date of Issue
1.	Employees Provident Fund Registration (under Employees' Provident Funds and Miscellaneous Provisions Act, 1952)	Employees Provident Fund Organisation, Ministry of Labour, Government of India	SRBRH1034065	November 05, 2014

	and the rules made thereunder)			

ENVIRONMENT RELATED LICENSES /APPROVALS/ REGISTRATIONS

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	Consent to Establish the Unit for a product at a particular production capacity issued by State Pollution Control Board	Gujarat Pollution Control Board (GPCB), Gandhinagar	GPCB/BRHC-B-CCA-123/ID-41438/344461	February 08, 2016	N/A
2	Consolidated Consent and Authorisation (CC&A) under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 & under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 and Authorisation / Renewal of Authorisation under Hazardous Wastes (Management, handling & Transboundary movement) Rules 2008	Gujarat Pollution Control Board (GPCB), Gandhinagar	AWH-65703 GPCB/BRCH – B-CCA-123/ID-41438/421033/231255	November 19, 2014 Amended on August 21, 2017	July 16, 2019

OTHER BUSINESS-RELATED APPROVALS

Sr. No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1	Eligibility Certificate for Power Tariff Subsidy	Additional Industries Commissioner (Ext.)	IC/Salt – tex/157931/147/1100044 Consumer Service Number: 40594	August 06, 2015 Valid from: August 01, 2014	July 31, 2019

2	Certificate of Registration for Quality Management System ISO 9001:2008	Absolute Certification Limited	Quality Private	1015QCE94	August 24, 2015	August 23, 2018

INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS

TRADEMARKS

Sr . No .	Trademark	Trade mark Type	Class	Applicant	Applicati on No.	Date of Applica tion	Validity/ Renewal	Registrati on status
1.		Device	23	Sumeet Poly Power Limited	2718971	April 16, 2014	April 16, 2024	Registered

Company has confirmed that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.

PENDING APPROVALS:

- Application for change of name from “Sumeet Poly Power Limited” to “Sumicot Limited” of all the above-mentioned approvals except GST Certificate in not made by the Company.

MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY

- Company has not applied for:
 - Udyog Aadhaar Memorandum;
 - Employees State Insurance Registration Certificate

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on March 08, 2018 and by the shareholders of our Company vide a special resolution pursuant to Section 62(1)(c) of the Companies Act, 2013 passed at the Extra Ordinary General Meeting of our Company held on April 02, 2018 at the Registered Office of our Company.

PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

We confirm that our Company, Directors, Promoters, Promoter Group, Group Companies and natural persons behind the corporate Promoters are not prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other government authority as on the date of this Draft Red Herring Prospectus.

Neither our Promoters, nor any of our Directors or persons in control of our Company were or is 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 as on the date of this Draft Red Herring Prospectus.

Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them except as disclosed in Chapter titled “*Outstanding Litigation and Material Developments*” on page 272 of this Draft Red Herring Prospectus.

None of our Directors are associated with the securities market in any manner, including securities market related business.

PROHIBITION BY RBI

Neither our Company nor any of our Promoters, relative of Promoters (as per Companies Act, 2013) Group Companies and our Directors have been declared as wilful defaulter(s) by the RBI or any other governmental authority.

ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with regulation 106M(2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital is more than Rs. 1,000 lakhs and upto 2,500 lakhs. Our Company also complies with the eligibility conditions laid by the EMERGE Platform of National Stock Exchange of India Limited for listing of our Equity Shares.

We confirm that:

1. In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, this Issue will be 100% underwritten and that the BRLM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled “General Information” beginning on page 77 of this Draft Red Herring Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Book Running Lead Manager submits the copy of Draft Red Herring Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at

the time of filing the Draft Red herring Prospectus with Stock Exchange and the Registrar of Companies.

4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, we have entered into an agreement with the Book Running Lead Manager and Market Maker to ensure compulsory market making for the minimum period of three years from the date of listing of equity shares offered in this issue. For further details of the market making arrangement see chapter titled “General Information” beginning on page 77 of this Draft Red Herring Prospectus.
5. The Company has track record of 3 Years and positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application.
6. Net-worth of the company is positive.
7. The Company has not been referred to Board for Industrial and Financial Reconstruction.
8. No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.
9. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
10. The Company has a website: www.sumicot.com

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, 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 RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO STOCK EXCHANGE A DUE DILIGENCE CERTIFICATE AND WHICH SHALL ALSO BE SUBMITTED TO SEBI AFTER REGISTERING THE DRAFT RED HERRING PROSPECTUS WITH ROC AND

BEFORE OPENING OF THE ISSUE IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992

“WE, THE UNDER NOTED BOOK RUNNING LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, CIVIL LITIGATIONS, DISPUTES WITH COLLABORATORS, CRIMINAL LITIGATIONS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, 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 ISSUER, WE CONFIRM THAT:**
 - A. THE DRAFT RED HERRING 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 RED HERRING 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 COMPANIES ACT, 1956, APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, 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 RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS 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 RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. 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 RED HERRING PROSPECTUS. – NOTED FOR COMPLIANCE

- 7. 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 THE BOARD. 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**
- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEM ORANDUM OF ASSOCIATION. – COMPLIED TO THE EXTENT APPLICABLE.**
- 9. 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 SUB-SECTION (3) 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 DRAFT RED HERRING 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.**
- 10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE, AS IN TERMS OF THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013, THE SHARES ISSUED IN THE PUBLIC ISSUE SHALL BE IN DEMAT FORM ONLY.**
- 11. 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.**
- 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND**
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. 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
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
15. 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 RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY - NOTED FOR COMPLIANCE
16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER’ AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN “ANNEXURE A”
17. 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 INCLUDED IN THE DRAFT RED HERRING PROSPECTUS
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS – NOT APPLICABLE

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- (1) “WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING 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 DRAFT RED HERRING PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.
- (3) WE CONFIRM THAT THE ABRIDGED 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 EQUITY SHARES OF THE

ISSUER. – NOTED FOR COMPLIANCE

- (5) **WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO 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 RED HERRING 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.**

Note:

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 and 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed Issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Manager any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Draft Red Herring Prospectus with the Registrar of Companies, Gujarat, Ahmedabad in terms of Section 26 and 32 of the Companies Act, 2013.

DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, www.sumicot.com would be doing so at his or her own risk.

Caution

The Book Running Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Book Running Lead Manager and our Company dated March 26, 2018, the Underwriting Agreement dated [●] entered into among the Underwriter and our Company and the Market Making Agreement dated [●] entered into among the Market Maker(s), Book Running Lead Manager and our Company.

Our Company and the Book Running Lead Manager shall make all information available to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at collection centres, etc.

The Book Running Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business and may in future engage in the provision of services for which they may in future receive compensation. Pantomath Capital Advisors Private Limited is not an 'associate' of the Company and is eligible to Book Running Lead Manager this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

Investors who apply in this Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. Our Company and the Book Running Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no

responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER

For details regarding the price information and track record of the past issue handled by Pantomath Capital Advisors Private Limited, as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by SEBI, please refer “Annexure A” to this Draft Red Herring Prospectus and the website of Book Running Lead Manager at www.pantomathgroup.com

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra 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 Red Herring Prospectus has been filed with National Stock Exchange of India Limited for its observations and National Stock Exchange of India Limited shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Draft Red Herring Prospectus in each jurisdiction, including India.

DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED

“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: [●] dated [●] permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever”.

FILING

The Draft Red Herring Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 106(M) (3). However, a copy of the Red Herring Prospectus and Prospectus shall be filed with SEBI. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Red Herring Prospectus and Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. A copy of the Red Herring Prospectus along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the RoC situated at Registrar of Companies, Gujarat, Ahmedabad, ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380013, Gujarat, India.

LISTING

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in-principle approval from EMERGE Platform of National Stock Exchange of India Limited. However application will be made to the EMERGE Platform of National Stock Exchange of India Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. National Stock Exchange of India Limited will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The EMERGE Platform of National Stock Exchange of India Limited has given its in-principal approval for using its name in our Red Herring Prospectus and Prospectus vide its letter no. [●] dated [●].

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the EMERGE Platform of National Stock Exchange of India Limited, our Company will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the EMERGE Platform of the National Stock Exchange of India Limited mentioned above are taken within six Working Days from the Issue Closing Date.

CONSENTS

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Peer Reviewed Auditor, Banker to the Company and (b) Book Running Lead Manager, Syndicate Member, Underwriter, Market Maker, Registrar to the Issue,

Public Issue Bank / Banker to the Issue and Refund Banker to the Issue, Legal Advisor to the Issue, Syndicate Member to the Issue to act in their respective capacities have been obtained and is filed along with a copy of the Red Herring Prospectus/ Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus/ Prospectus for registration with the RoC. Our Peer Reviewed Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and Prospectus for filing with the RoC.

EXPERT TO THE ISSUE

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

- Report of the Peer Reviewed Auditor on Statement of Tax Benefits
- Report of the Peer Reviewed Auditor on Restated Financial Statements for the period ended December 31, 2017 and financial year March 31, 2017, 2016, 2015 and 2014 of our company.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, refer to chapter “Objects of the Issue” beginning on page 105 of this Draft Red Herring Prospectus.

DETAILS OF FEES PAYABLE

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Mandate Letter issued by our Company to the Book Running Lead Manager, the copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated March 26, 2018 a copy of which is available for inspection at our Registered Office. The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send allotment advice by registered post/ speed post/ under certificate of posting.

Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor and Advertiser, Banker to issue *etc.* will be as per the terms of their respective engagement letters if any.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for this Issue is as set out in the Underwriting Agreement entered into between our Company and the Book Running Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

PREVIOUS RIGHTS AND PUBLIC ISSUES SINCE THE INCORPORATION

Except as stated in the chapter titled “*Capital Structure*” beginning on page 89 of this Draft Red Herring Prospectus We have not made any previous rights and/or public issues since Incorporation, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the chapter titled “*Capital Structure*” beginning on page 89 of this Draft Red Herring Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

PREVIOUS CAPITAL ISSUE DURING THE PREVIOUS THREE YEARS BY LISTED GROUP COMPANY

Except Sumeet Industries Limited, none of our listed Group Company has undertaken a capital issue or any public or rights issue in the last three years preceding the date of this Draft Red Herring Prospectus. Sumeet Industries Limited had undertaken a right issue of equity Shares in the year 2017-18, details of which are mentioned below –

Name of the Company	Sumeet Industries Limited
Year of Issue	2017-18
Type of issue	Right Issue
Amount of Issue	Rs. 5,969.80 Lakhs
Date of Closure of Issue	Wednesday, January 10, 2018
Date of completion of delivery of Certificates	January 29, 2018
Date of completion of the project, where object of the issue was financing the project	Not Applicable
Rate of dividend paid	Not Applicable

PROMISE VERSUS PERFORMANCE FOR OUR COMPANY AND/OR LISTED GROUP COMPANY

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

Further, Sumeet Industries Limited, our listed group Company, had undertaken a Right Issue in the year 2017-18 vide Letter of Offer dated December 08, 2017 for the object of adjustment of Unsecured Loans given by the Promoters, Working Capital Requirements, and General Corporate Purposes. As on the date of this Draft Red Herring Prospectus, the proceeds of the issue were applied towards the objects of the issue. There were no deviations from the objects on which the issue proceeds were utilised.

PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

None of the equity shares of our Group Company are listed on any recognised stock exchange which is falling under the Criteria of Section 370 (1B). None of the above companies have raised any capital during the past 3 years.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY

As on the date of this Draft Red Herring Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

STOCK MARKET DATA FOR OUR EQUITY SHARES

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants / bidders.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working 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.

We have constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on March 19, 2018. For further details, please refer to the chapter titled “*Our Management*” beginning on page 175 of this Draft Red Herring Prospectus.

Our Company has appointed Varsha Maheshwari as Company Secretary and Compliance Officer and she may be contacted at the following address:

Varsha Maheshwari

Sumicot Limited

504, Trividh Chamber,
Opp. Fire Brigade Station,
Ring Road Surat-395002,
Gujarat, India

Tele: 0261- 2328902

Email: info@sumicot.com

Website: www.sumicot.com

Corporate Identification Number: U40106GJ2010PLC063028.

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or unblocking of funds, *etc.*

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS

There have been no changes in Auditors of our Company in during the last three years preceding the date of this Draft Red Herring Prospectus.

CAPITALISATION OF RESERVES OR PROFITS

Our Company has not capitalized its reserves or profits during the last five years.

REVALUATION OF ASSETS

There has been revaluation of our assets in 2016-2017 but we have not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

PURCHASE OF PROPERTY

Except as disclosed in this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, Our Company has not purchased any property in which the Promoters and / or Directors have any direct or indirect interest in any payment made there under.

SERVICING BEHAVIOR

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to this Issue shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Abridged Prospectus, any addendum/corrigendum thereto, Bid cum Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the FIPB, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchanges, the RoC and any other authorities while granting their approval for the Issue. SEBI has notified the SEBI Listing Regulations on September 2, 2015, which among other things governs the obligations applicable to a listed company which were earlier prescribed under the Equity Listing Agreement. The Listing Regulations have become effective from December 1, 2015.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015. All the investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorized to collect the Bid Cum Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.

RANKING OF EQUITY SHARES

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari - passu* with the existing Equity Shares of our Company including in respect of rights to receive dividend. The Allottees upon receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 383 of this Draft Red Herring Prospectus.

MODE OF PAYMENT OF DIVIDEND

We shall pay dividends, if declared, to our Shareholders, in accordance with the provisions of the Companies Act, Memorandum of Association, and Articles of Association and provisions of the Equity Listing Agreement to be entered into with the Stock Exchanges and SEBI (LODR) Regulations, 2015. The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. We shall pay dividends in cash. For further details in relation to dividends, please see the chapters titled “Dividend Policy” and “Main Provisions of Articles of Association” beginning on pages 208 and 383, respectively of this Draft Red Herring Prospectus.

FACE VALUE AND ISSUE PRICE PER SHARE

The face value of the Equity Shares is Rs. 10 each and the Issue Price at the lower end of Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share. The Anchor Investor Issue Price is Rs. [●] per equity share.

The Price Band, the issue price and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and advertised in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and the Regional newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be prefilled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

COMPLIANCE WITH SEBI ICDR REGULATIONS

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive issue for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 383 of this Draft Red herring Prospectus.

MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated April 23, 2018 amongst NSDL, our Company and the Registrar to the Issue; and
- Agreement dated April 16, 2018 amongst CDSL, our Company and the Registrar to the Issue.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is [●] Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of [●] Equity Share subject to a minimum allotment of [●] Equity Shares to the successful applicants.

MINIMUM NUMBER OF ALLOTTEES

Further in accordance with the Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is

less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of the issue.

JURISDICTION

Exclusive jurisdiction for the purpose of this Issue is with the competent courts / authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues 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 issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

JOINT HOLDER

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

NOMINATION FACILITY TO BIDDERS

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

WITHDRAWAL OF THE ISSUE

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Book Running Lead Manager through, the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final ROC approval of the Prospectus after it is filed with the ROC. If our Company withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue/issue for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with Stock Exchange.

BID/ ISSUE OPENING DATE

Bid / Issue Opening Date	[●]*
Bid / Issue Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

**Our Company may, in consultation with the BRLM, consider participation by Anchor Investor. The Anchor Investor Bid/ Issue Period shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI Regulations.*

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

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

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Bid/Issue Closing Date. All times mentioned in this Draft Red Herring Prospectus are Indian Standard Times. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only on Business Days. Neither our Company nor the Book Running Lead Manager is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

Our Company in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and

the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision of the Price Band, the Bid/Issue Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Member.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form, for a particular Bidder, the Registrar to the Issue shall ask for rectified data

MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 106 P (1) of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the issue through the Draft Red Herring Prospectus and shall not be restricted to the minimum subscription level.

Further, in accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will not be less than 50 (Fifty)

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

MIGRATION TO MAIN BOARD

Our company may migrate to the Main board of National Stock Exchange of India Limited (NSE) from SME Exchange on a later date subject to the following:

- *If the Paid up Capital of our Company is likely to increase above Rs. 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 other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to*

NSE for listing of its shares on its Main Board subject to the fulfilment 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 Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.*

MARKET MAKING

The shares issued and transferred through this Issue are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited (SME Exchange) with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on EMERGE Platform of National Stock Exchange of India Limited. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 77 of this Draft Red herring Prospectus.

ARRANGEMENT FOR DISPOSAL OF ODD LOT

The trading of the equity shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on EMERGE Platform of National Stock Exchange of India Limited.

AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBs CANNOT PARTICIPATE IN THIS ISSUE

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India / RBI while granting such approvals.

OPTION TO RECEIVE SECURITIES IN DEMATERIALIZED FORM

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall 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.

APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution and the Anchor Investor lock in of the Equity Shares in the Issue as detailed in the chapter "*Capital Structure*" beginning on page 89 of this Draft Red herring Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled "*Main Provisions of the Articles of Association*" beginning on page 383 of this Draft Red herring Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M)(2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, our post issue face value capital exceeds ten crore rupees but does not exceed twenty five crore rupees. The Company shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the EMERGE Platform of National Stock Exchange Of India Limited). For further details regarding the salient features and terms of such an issue please refer chapter titled "*Terms of the Issue*" and "*Issue Procedure*" on page 312 and 323 of this Draft Red Herring Prospectus.

Following is the issue structure:

Initial Public Issue of upto 57,80,000 Equity Shares of face value of Rs. 10/- each fully paid (the 'Equity Shares') for cash at a price of Rs. [●] (including a premium of Rs. [●]) aggregating to Rs. [●]. The Issue comprises a Net Issue to the public of up to [●] Equity Shares (the "Net Issue"). The Issue and Net Issue will constitute [●] % and [●]% of the post-Issue paid-up Equity Share capital of our Company.

The issue comprises a reservation of upto [●] Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars	Market Maker Reservation Portion	Qualified Institutional Bidders	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Up to [●] Equity Shares	Up to [●] Equity Shares	Up to [●] Equity Shares available for allocation	Up to [●] Equity Shares available for allocation
Percentage of Issue Size available for allocation	[●]% of the issue size	[●]% of the issue size shall be available for the allocation to QIBs. However upto [●]% of the net QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Upto 60% of the QIB Portion may be available for allocation to Anchor Investors and one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only*	[●]% of the net Issue shall be available for allocation	[●]% of the issue size
Basis of Allotment / Allocation if respective category is oversubscribed	Firm Allotment	Proportionate as follows (excluding Anchor Investor Portion)	Proportionate	Proportionate subject to minimum allotment of [●] Equity Shares and further

Particulars	Market Maker Reservation Portion	Qualified Institutional Bidders	Non Institutional Bidders	Retail Individual Bidders
		A) Upto [●] Equity Shares, shall be available for allocation on a proportionate basis to Mutual Funds only; and B) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors. For Further Details please refer section titled “Issue Procedure” beginning on the Page [●] of the Draft Red Herring Prospectus		allotment in multiples of [●] equity shares each. For further details please refer to the section titled “Issue Procedure” beginning on page [●] of the Draft Red Herring Prospectus.
Mode of Bid cum Application	Through the ASBA Process only.	Through the ASBA Process only (Except Anchor Investors)	Through the ASBA Process only.	Through the ASBA Process only.
Minimum Bid Size	Upto [●] Equity Shares in multiple of [●] Equity Shares.	Such Number of Equity Shares in multiples of [●] Equity Shares that the Application size exceeds Rs. 2,00,000	Such Number of Equity Shares in multiples of [●] Equity Shares that the Application size exceeds Rs. 2,00,000	Upto [●] Equity Shares in multiple of [●] Equity Shares.
Maximum Bid Size	Upto [●] Equity Shares in multiple of [●] Equity Shares.	Such Number of Equity Shares in multiple of [●] Equity Shares not exceeding the size	Such Number of Equity Shares in multiple of [●] Equity Shares not exceeding	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid

Particulars	Market Maker Reservation Portion	Qualified Institutional Bidders	Non Institutional Bidders	Retail Individual Bidders
		of the Issue, subjects to the limits as applicable to the Limit.	the size of the Issue, subject to limits as applicable to the bidder.	Amount does not exceed Rs. 2,00,000
Mode of Allotment	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode
Trading Lot	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.
Terms of payment	The entire Bid Amount will be payable at the time of submission of the Bid cum Application Form to the members of Syndicate, except for Anchor Investors. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the Bid Cum Application Form (Other than for Anchor Investors).**			

- 1) **Our Company in consultation with the BRLM, may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations, 2009, as amended. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price. For further details please refer to the section titled —Issue Procedure beginning on page 323 of the Draft Red Herring Prospectus;*
- 2) ***Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form.*
- 3) *Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category other than the QIB Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.*
- 4) *The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Allocation Price, shall be payable by Anchor Investor Pay-in Date.*
- 5) *The Issue is being made through the Book Building Process, wherein not more than [●]% of the Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLM may allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on*

a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. Further [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and [●]% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

WITHDRAWAL OF THE ISSUE

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Issue after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Book Running Lead Manager through, the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Issue after the Bid/ Issue Closing Date and thereafter determines that it will proceed with an issue for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with Stock Exchange. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

BID/ ISSUE OPENING DATE

Bid / Issue Opening Date	[●]*
Bid / Issue Closing Date	[●]
Finalization of Basis of Allotment with the Designated Stock Exchange	[●]
Initiation of Refunds	[●]
Credit of Equity Shares to demat accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchange	[●]

**Our Company may, in consultation with the BRLM, consider participation by Anchor Investors. The Anchor Investor shall Bid in the Anchor Investor Bid/Issue Period i.e. one Working Day prior to the Bid/Issue Opening Date*

Except in relation to the Bids received from Anchor Investors, Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., all trading days of stock exchanges excluding Sundays and bank holidays.

ISSUE PROCEDURE

All Bidders should review the General Information Document for Investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI ("General Information Document"), and including SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under "Part B – General Information Document", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLM. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.

Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and is not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Please note that all the Bidders can participate in the Issue only through the ASBA process. All Bidders shall ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.

Bidders are required to submit Bids to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants ("DP"), Registrar to an Issue and Share Transfer Agent ("RTA") that have been notified by National Stock Exchange of India Limited to act as intermediaries for submitting Bid cum Application Forms are provided on www.nseindia.com. For details on their designated branches for submitting Bid cum Application Forms, please see the above mentioned National Stock Exchange of India Limited website.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fifth Amendment) Regulations, 2015, the ASBA process become mandatory for all investors w.e.f. January 1, 2016 and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Application Forms.

BOOK BUILDING PROCEDURE

The Issue is being made through the Book Building Process wherein [●]% of the Issue shall be available for allocation on a proportionate basis to QIBs provided that Our Company in consultation with the BRLM may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI Regulation. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids.

Further [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and [●]% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spillover from other categories or a combination of categories.

All Bidders applying through cheques or demand drafts are required to submit their Bids through the Syndicate.

In accordance with the SEBI Regulations, QIBs and Non-Institutional Investors are not allowed to withdraw or lower the size of their Bids (both in terms of number of Equity Shares Bid for and Bid Amount) at any stage. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidder's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic system of the stock exchanges, do not match with the DP ID, Client ID and PAN available in the depository database, the bid is liable to be rejected. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

BID CUM APPLICATION FORM

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the National Stock Exchange of India Limited (www.nseindia.com), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one day prior to the Bid/Issue Opening Date. Physical Bid Cum Application Forms for Anchor Investors shall be made available at the offices of the BRLM.

All Bidders (other than Anchor Investor) shall mandatorily participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Issue through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign	Blue

Category	Colour of Bid cum Application Form*
corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis	
Anchor Investors**	As specified by Issuer

**excluding electronic Bid cum Application Form*

*** Bid cum Application Forms for Anchor Investors shall be available at the office of the BRLM.*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms to respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB Bank.

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Draft Red Herring 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 Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

- i) an SCSB, with whom the bank account to be blocked, is maintained
- ii) a syndicate member (or sub-syndicate member)
- 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) ('broker')
- iv) a depository participant ('DP') (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.

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 Issue.

Upon completion and submission of the Bid Cum Application Form to Application Collecting intermediaries, the Bidders are deemed to have authorised our Company to make the necessary changes in the Draft Red Herring Prospectus, without prior or subsequent notice of such changes to the Applicants.

WHO CAN BID?

In addition to the category of Bidders set forth under “**General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue**”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and / or industrial research organisations authorised in India to invest in the Equity Shares.

MAXIMUM AND MINIMUM APPLICATION SIZE

a) For Retail Individual Bidders:

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs 2,00,000. In case of revision of Bid, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000.

b) For Other Bidders (Non-Institutional Bidders and QIBs):

The Bid cum Application must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **A QIB and a Non-Institutional Bidder cannot withdraw or lower the size of their Bid at any stage and are required to pay the entire Bid Amount upon submission of the Bid.** The identity of QIBs applying in the Net Issue shall not be made public during the Issue Period. In case of revision in Bid, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs 2,00,000 for being considered for allocation in the Non-Institutional Portion.

INFORMATION FOR THE BIDDERS

- a. Our Company shall file the Red Herring Prospectus with the RoC at least three working days before the Bid / Issue Opening Date.
- b. Our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-Issue advertisement, in the form prescribed under the ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre-Issue advertisement, our Company and the Book Running Lead Manager shall advertise the Issue Opening Date, the Issue Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the ICDR Regulations.
- c. The Price Band as decided by our Company in consultation with the Book Running Lead Manager is Rs. [●] per Equity Share. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share and the minimum bid lot is of [●] Equity Shares. Our Company shall also announce the Price Band at least five Working Days before the Issue Opening Date in English and Hindi national newspapers and one regional newspaper with wide circulation.
- d. This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band. Further, this announcement shall be disclosed on the website of the Stock Exchanges where the Equity Shares are proposed to be listed and shall also be pre-filled in the Bid cum Application Forms available on the website of the stock exchange.
- e. The Issue Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Issue Period shall be extended, by an additional three Working Days, subject to the total Issue

Period not exceeding ten Working Days. The revised Price Band and Issue Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in English and Hindi national newspapers and one regional newspaper with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the members of the Syndicate.

The Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Member does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected.

OPTION TO SUBSCRIBE IN THE ISSUE

- a. As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.

A single Bid cum application from any investor shall not exceed the investment limit / minimum number of specified securities that can be held by him/her/it under the relevant regulations / statutory guidelines and applicable law

AVAILABILITY OF RED HERRING PROSPECTUS AND BID CUM APPLICATION FORM

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and National Stock Exchange of India Limited (www.nseindia.com) at least one day prior to the Bid/Issue Opening Date.

PARTICIPATION BY ASSOCIATED/AFFILIATES OF BOOK RUNNING LEAD MANAGER AND SYNDICATE MEMBERS

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

The BRLM and any persons related to the BRLM (other than Mutual Funds sponsored by entities related to BRLM) or our Promoters and the Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

APPLICATIONS BY ELIGIBLE NRI'S

NRIs may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") ASBA Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour)

BIDS BY FPI INCLUDING FIIs

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% 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.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

BIDS BY SEBI REGISTERED VCFs, AIFs AND FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

Our Company or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of banking charges and commission.

BIDS BY MUTUAL FUNDS

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

BIDS BY ANCHOR INVESTOR

Our Company, in consultation with the BRLM, may consider participation by Anchor Investors in the Issue for upto 60% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(zd) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XI of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

1. Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLM.
2. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is atleast Rs. 1,000 Lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 1,000 Lakhs.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
4. Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and be completed on the same day.
5. Our Company, in consultation with the BRLM, will finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
 - a) where allocation in the Anchor Investor Portion is upto Rs. 1,000.00 Lakhs, maximum of 2 (two) Anchor Investors;
 - b) where the allocation under the Anchor Investor Portion is more than Rs. 1,000.00 Lakhs but upto Rs. 25,000 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of Rs. 5,00 Lakhs per Anchor Investor; and
 - c) where the allocation under the Anchor Investor portion is more than Rs. 25,000 Lakhs: (i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto Rs. 25,000 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of Rs. 25,000 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of Rs. 500 Lakhs per Anchor Investor.
6. Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLM before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
8. If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/Issue Closing Date. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
9. At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
10. Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
11. The BRLM, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM and made available as part of the records of the BRLM for inspection by SEBI.
12. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
13. Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

For further details, please refer —Issue Procedure - Part B: General Information Document for Investing in Public Issues on Page 323 of Draft Red Herring prospectus.

BIDS BY LIMITED LIABILITY PARTNERSHIPS

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

BIDS BY INSURANCE COMPANIES

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, (the “IRDA Investment Regulations”) are broadly set forth below:

- 1) equity shares of a company: the least of 10% of the investee company’s subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- 2) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- 3) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be. Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

BIDS UNDER POWER OF ATTORNEY

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form

e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

BIDS BY PROVIDENT FUNDS/PENSION FUNDS

In case of Bids made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid Cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

BIDS BY BANKING COMPANY

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "Banking Regulation Act"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks' own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks' interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a) (v) (c) (i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

BIDS BY SCSBs

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

ISSUANCE OF A CONFIRMATION NOTE (“CAN”) AND ALLOTMENT IN THE ISSUE

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.

2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

TERMS OF PAYMENT

Terms of Payment

The entire Issue Price of Rs. [●] per share is payable on Bid cum application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar to the issue shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Issue Bank Account, post finalisation of basis of Allotment. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from the Bidders.

Payment mechanism for Bidders

The Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid cum Application Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Bidders shall neither withdraw nor lower the size of their bid cum applications at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the bid cum application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Issue shall mandatorily make use of ASBA facility.

PAYMENT INTO ESCROW ACCOUNT FOR ANCHOR INVESTORS

All the investors other than Anchor Investors are required to bid through ASBA Mode. Anchor Investors are requested to note the following:

Our Company in consultation with the BRLM, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

- a) In case of resident Anchor Investors: —[●] Public Issue – Escrow –Anchor Investor –R”
- b) In case of Non-Resident Anchor Investors: —[●] Public Issue – Escrow –Anchor Investor – NR”
- c) Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Anchor Investors.

SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC

- a) Our Company has entered into an Underwriting agreement dated [●]
- b) A copy of the Red Herring Prospectus and Prospectus will be filed with the RoC in terms of Section 32 and section 26 of the Companies Act, 2013. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue Size, and underwriting Agreements and will be complete in all material respects.

PRE- ISSUE ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation. In the pre-Issue advertisement, we shall state the Bid Opening Date and the Bid Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

ADVERTISEMENT REGARDING ISSUE 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 final derived Issue Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. QIBs (Other than Anchor Investors), the Non – Institutional Bidders and the Retail Bidder should submit their Bids through the ASBA process only.
9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;

11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
 12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
 13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
 14. Ensure that the Demographic Details are updated, true and correct in all respects;
 15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
 16. Ensure that the category and the investor status is indicated;
 17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
 18. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
 19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
 20. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
 21. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
 22. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
 23. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
- The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Dont's:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Anchor Investors should not bid through the ASBA Process.
9. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not Bid for a Bid Amount exceeding Rs. 200,000 (for Bids by Retail Individual Bidders);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
12. Do not submit the General Index Register number instead of the PAN;
13. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
14. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
17. Do not submit more than five Bid cum Application Forms per ASBA Account;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS

- a) Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- b) Our Company in consultation with the BRLM, will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders
- c) The price of the specified securities offered to an anchor investor shall not be lower than the price offered to other applicants.

d) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

e) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Bidders can contact the Compliance Officer or the Registrar in case of any pre Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

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.”

UNDERTAKINGS BY THE COMPANY

Our Company undertake as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at EMERGE Platform of National Stock Exchange of India Limited where the Equity Shares are proposed to be listed within six working days from Issue Closure date.
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Issue by our Company;
4. Completion of Allotment and dispatch of the Allotment Advice and Anchor Investor CAN, including any revisions, if required, and refund orders to the Anchor Investor Bidders shall be done within the time prescribed under the Applicable Law and in the event of failure to do so, the Company shall ensure the payment of interest to the Bidders in respect of which there was such failure, as required under the Applicable Law.
5. That our Promoter's contribution in full has already been brought in;
6. That no further issue of Equity Shares shall be made till the Equity Shares issued through the

Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.; and

7. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment.
8. If our Company does not proceed with the Issue after the Bid/Issue Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the Pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
9. If our Company withdraw the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Issue;
10. Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period

UTILIZATION OF THE ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

1. all monies received out of the Fresh issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Fresh issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Fresh issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.
5. Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.
6. The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactory.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- a. Agreement dated April 23, 2018 among NSDL, the Company and the Registrar to the Issue;
- b. Agreement dated April 16, 2018 among CDSL, the Company and the Registrar to the Issue;

The Company's shares bear ISIN INE00DA01013.

PART B

GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders should rely on their own examination of the Issue and the Issuer, and should carefully read the Draft Red Herring prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through the Book-Building Process as well as to the Fixed Price Issue. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders in IPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”).

Bidders should note that investment in equity and equity related securities involves risk and Bidder should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“RHP”)/Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Bidders should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders may refer to the section “Glossary and Abbreviations”.

SECTION 2: BRIEF INTRODUCTION TO IPOs ON EMERGE PLATFORM of NATIONAL STOCK EXCHANGE OF INDIA LIMITED (SME PLATFORM)

2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the DRHP.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer. For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer,

Bidders/Applicants may refer to the RHP/Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post- issue face value capital does not exceed ten crore rupees shall issue its specified securities in accordance with provisions of this Chapter.
- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and up to twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation.

2.3 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 (the “Companies Act”), The Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, issue has to be 100% underwritten and the BRLM has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the issue shall be 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 the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issue any observations on the Offer Document. The Book Running Lead Manager shall 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, the BRLM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the issue.
- (e) The company should have track record of at least 3 years
- (f) The company should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive
- (g) The post issue paid up capital of the company (face value) shall not be more than Rs. 25 crore.
- (h) The issuer shall mandatorily facilitate trading in demat securities.
- (i) The issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (j) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company

- (k) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the issuer
- (l) The Company should have a website. Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter XB of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 7, Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this issue.

Thus Company is eligible for the issue in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital is more than 1000 Lakhs but does not exceed Rs. 2500 Lakhs. Company also complies with the eligibility conditions laid by the EMERGE Platform of National Stock Exchange of India Limited for listing of our Equity Shares.

2.4 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process (**“Book Built issues”**) or undertake a Fixed Price Issue (**“Fixed Price Issues”**). An issuer may mention Price or Price Band in the Draft Red Herring Prospectus (in case of a fixed price Issue) and Floor price or price band in the red herring prospectus (in case of a book built issue) and determine the price at a later date before registering the prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Bidders should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM and the advertisement in the newspaper(s) issued in this regard

2.6 MIGRATION TO MAIN BOARD

SME Issuer may migrate to the Main Board of SE from the SME Exchange at a later date subject to the following:

- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favor of the proposal amount to at least two times the number of votes

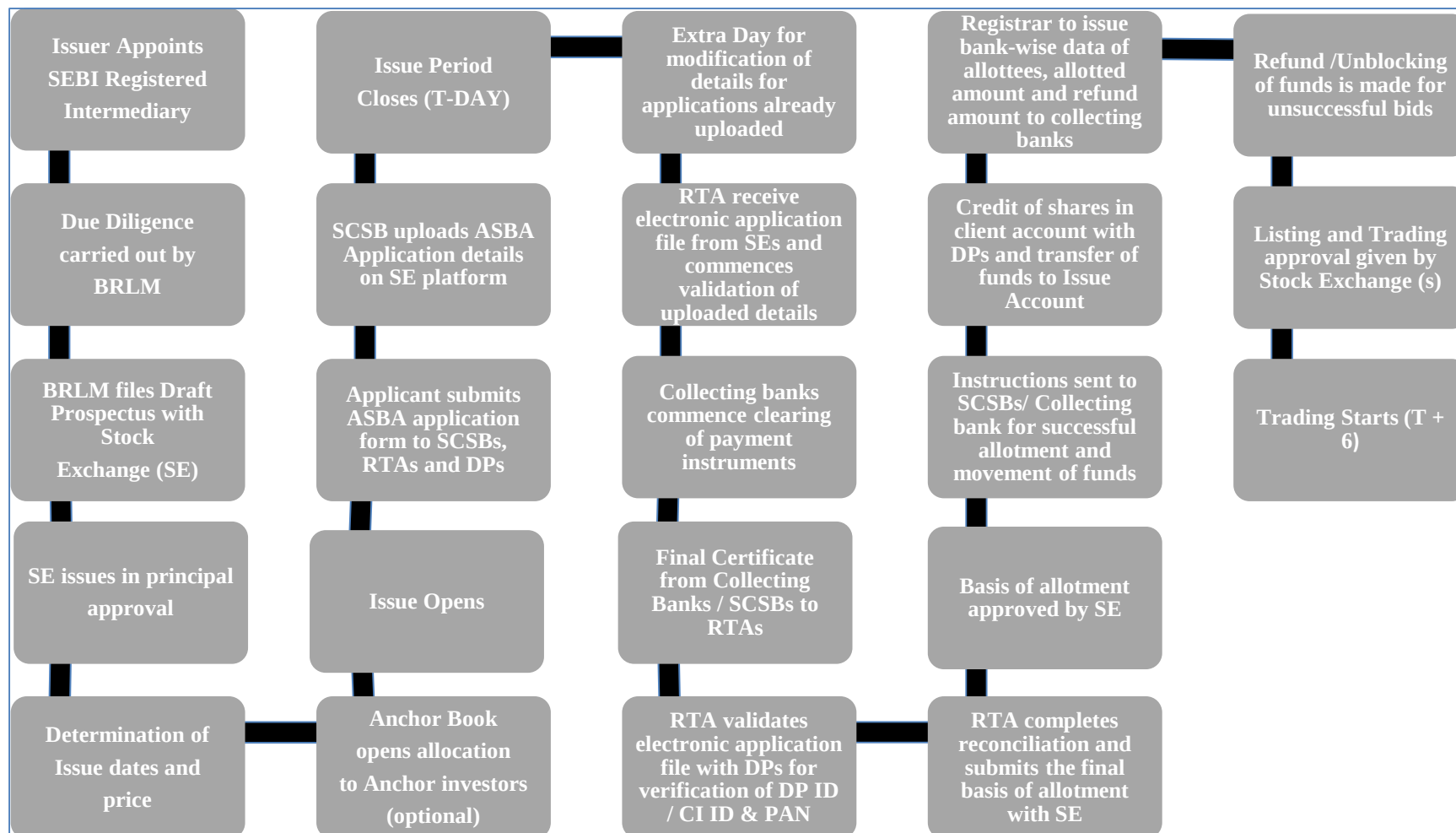
cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfillment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the 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 Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

2.7 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the DRHP for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
7. FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form (or in case of Anchor Investors, the Anchor Investor Application Form) either bearing the stamp of a member of the Syndicate or any other Designated Intermediary, bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the book running lead manager, members of the Syndicate, Registered Brokers, Designated Intermediaries at Branches of the Bidding Centres, SCSBs and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the DRHP/RHP.

Fixed Price Issue: Applicants should only use the specified cum Application Form bearing the stamp of an SCSB as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form (Excluding downloaded forms from SE website)
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialized subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE BID CUM APPLICATION FORM/ ASBA FORM

Bidders may note that forms not filled completely or correctly as per instructions provided in this GUID, the DRHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non- resident Bidders are reproduced below:

R Bid cum Application Form

COMMON BID CUM APPLICATION FORM	SUMICOT LIMITED - INITIAL PUBLIC ISSUE - R Registered Office: 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India Tel. No.: 0261-2328902; Fax No.: 0261-2334189; E-mail: info@sumicot.com; Website: www.sumicot.com; CIN NO: U40106GJ2010PLC063028	FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS
	To, The Board of Directors SUMICOT LIMITED	BOOK BUILT ISSUE ISIN - INE00DA01013
		Bid Cum Application Form No. _____

SYNDICATE MEMBER'S STAMP & CODE	BROKER'S / SCSE / CDP / RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER Mr./Ms./M/s. _____ Age _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK / SCSE BRANCH STAMP & CODE	2. PAN OF SOLE/FIRST BIDDER _____
BANK BRANCH SERIAL NO.	SCSE SERIAL NO.	

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.	6. INVESTOR STATUS ☐ Individual(s) - IND ☐ Hindu Undivided Family* - HUF ☐ Non-Resident Indians (Non-Repatriation basis) - NRI ☐ Bodies Corporate - CO ☐ Banks & Financial Institutions - FI ☐ Mutual Funds - MF ☐ National Investment Funds - NIF ☐ Insurance Funds - IF ☐ Insurance Companies - IC ☐ Venture Capital Funds - VCF ☐ Alternate Investment Funds - AIF ☐ Others (Please Specify) - OTH *HUF Should apply only through Karta (Applicant on by HUF would be treated on par with individual)

4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off"). Price band Rs. [●] to Rs. [●] /-		5. CATEGORY ☐ Retail Individual Bidder ☐ Non Institutional Bidder ☐ QIB																																																
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(OR) Option 3											☐																																							

7. PAYMENT DETAILS Amount Blocked (₹ in Figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____		PAYMENT OPTION: Full Payment ☐

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS' UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE / FIRST BIDDER _____ Date: _____, 2018	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/WE authorize the SCSE to do all actions necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____	SYNDICATE MEMBER/BROKER / SCSE / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

	SUMICOT LIMITED - INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Syndicate Member Broker/SCSE/CDP/RTA	Bid Cum Application Form No. _____

DPID / CLID _____	PAN of Sole / First Bidder _____	Amount Blocked (₹ in figures) _____ ASBA A/c No. _____ Bank & Branch _____ Received from Mr./Ms./M/s. _____ Telephone / Mobile _____ Email _____

TEAR HERE

SUMICOT LIMITED - INITIAL PUBLIC ISSUE - R	Option 1 Option 2 Option 3 No. of Equity Shares _____ Bid Price _____ Amount Blocked (₹) _____ ASBA Bank A/c No.: _____ Bank & Branch: _____	Stamp & Signature of Syndicate Member / Registered Broker / SCSE / CDP / RTA	Name of Sole / First Bidder _____ Acknowledgment Slip for Bidder Bid Cum Application Form No. _____

NR Bid cum Application ASBA Form

COMMON BID CUM APPLICATION FORM  SUMICOT Sumet Poly Power Limited	SUMICOT LIMITED - INITIAL PUBLIC ISSUE - NR Registered Office: 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India Tel. Nos: 0261- 2328902; Fax No.: 0261- 2334189 E-mail: info@sumicot.com; Website: www.sumicot.com; CIN NO: U40106GJ2010PLC063028	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs, FPIs OR FVCIs, ETC APPLYING ON A REPATRIATION BASIS																																																																																
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4.1.1 : NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER

Bidders should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- (a) **Mandatory Fields:** Bidders should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Bidders should note that the contact details mentioned in the Bid cum Application Form/ Application Form may be used to dispatch communications) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (b) **Joint Bids:** In the case of Joint Bids, the Bids should be made in the name of the Bidder whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder would be required in the Bid cum Application Form/ Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form/ Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (c) **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:

- *makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or*
- *makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- *otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,*

Shall be liable for action under section 447 of the said Act.

- (d) **Nomination Facility to Bidder:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

4.1.2 PAN NUMBER OF SOLE /FIRST BIDDER

- a) PAN (of the sole/first Bidder) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids on behalf of the Central or State Government, Bids by officials appointed by the courts and Bids by Bidders residing in Sikkim ("PAN Exempted Bidders"). Consequently, all Bidders, other than the PAN Exempted Bidders,

are required to disclose their PAN in the Bid cum Application Form, irrespective of the Bid Amount. Bids by the Bidders whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- c) The exemption for the PAN Exempted Bidders is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- e) Bids by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

4.1.3 BIDDERS DEPOSITORY ACCOUNT DETAILS

- a) Bidder should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the **Bid cum Application Form is liable to be rejected.**
- b) Bidder should ensure that the beneficiary account provided in the Bid cum Application Form is active.
- c) Bidder should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to the Issue.
- d) Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders’ sole risk.

4.1.4 : BID OPTIONS

- a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the DRHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue Opening Date in case of an FPO.
- b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs undertaken through the Book Building Process. Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- d) **Minimum Bid Value and Bid Lot:** The Issuer in consultation with the BRLM may decide the minimum number of Equity Shares for each Bid to ensure that the minimum Bid value is within the range of above Rs.1,00,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum Bid value.

- e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the DRHP or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

- a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed Rs. 200,000.
- b) In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount), then such Bid may be rejected if it is at the Cut-off Price.
- c) For NRIs, a Bid Amount of up to Rs. 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding Rs. 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut off Price.
- e) RII may revise or withdraw their bids until Bid/Issue Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- f) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- g) For Anchor Investors, if applicable, the Bid Amount shall be least Rs 10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- h) A Bid cannot be submitted for more than the issue size.
- i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the issue Price, the number of Equity Shares Bid for by a Bidder at or above the issue Price may

be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process.

4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
 - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
 - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
 - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Issue portion in public category.
 - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
 - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
 - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

4.1.5 CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the Red Herring Prospectus /Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, Bidders may refer to the RHP.
- (d) The SEBI ICDR Regulations, 2009, specify the allocation or allotment that may be made to various categories of Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder may refer to the DRHP.

4.1.6 INVESTOR STATUS

- (a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

- (b) Certain categories of Bidder, such as NRIs, FPIs and FVCIs may not be allowed to Bid/apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the Draft Red Herring Prospectus for more details.
- (c) Bidders should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders should ensure that their investor status is updated in the Depository records.

4.1.7 PAYMENT DETAILS

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the Bid cum Application Form. If discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) Bid Amount cannot be paid in cash, through money order or through postal order or through stock invest.
- (c) Bidders who Bid at Cut-off Price shall DEPOSIT the Bid Amount based on the Cap Price.
- (d) All Bidders (except Anchor Investors) can participate in the Issue only through the ASBA mechanism.
- (e) Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

4.1.7.1. Payment instructions for Bidders

- a) Bidders may submit the Bid cum Application Form either
 - i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
 - ii. in physical mode to any Designated Intermediary.
- b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e) From one ASBA Account, a maximum of five Bid cum Application Forms can be

submitted.

- f) Bidders should submit the Bid cum Application Form only at the Bidding Centre i.e. to the respective member of the Syndicate at 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
- g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that Bid cum Application Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit Bid cum Application Forms.
- h) Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- l) Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs
- m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2. Payment instructions for Anchor Investors

- 1) Anchor Investors may submit their Bids with a Book Running Lead Manager
- 2) Payments should be made either by direct credit, RTGS or NEFT
- 3) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.8. Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful Bids transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Issue Closing Date.
- (d) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bidders, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/Issue Closing Date.

4.1.8.1. Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Bids for allocation under Non-Institutional Category. These Bids are neither eligible for Discount nor fall under RII category.

4.1.8.2. Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to block funds through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.9. SIGNATURES AND OTHER AUTHORISATIONS

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the Bids, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid/amount mentioned in the Bid cum Application Form.
- (d) Bidders must note that Bid cum Application Form without signature of Bidder and /or ASBA Account holder is liable to be rejected.

4.1.10. ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by Bid Collecting Intermediary or SCSB, as applicable, for submission of the Bid cum

Application Form.

- (b) All communications in connection with Bid made in the Issue should be addressed as under:
- i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Bidders should contact the Registrar to the Issue.
 - ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated Branch of the SCSB.
 - iii. Bidders may contact the Company Secretary and Compliance Officer or BRLM in case of any other complaints in relation to the Issue.
 - iv. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
 - v. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker
 - vi. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
 - vii. In case of Bids submitted to the DP, the Bidders should contact the relevant DP.
- (c) The following details (as applicable) should be quoted while making any queries -
- i. Full name of the sole or First Bidder, Bid cum Application Form number, Bidder' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on Bid.
 - ii. name and address of the Designated Intermediary, where the Bid was submitted; or
- For further details, Bidder may refer to the Draft Red Herring Prospectus and the Bid cum Application Form.

4.2. INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Bid/Issue Period, any Bidder (other than QIBs and NIIs, who can only revise their Bid amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise / withdraw their Bid till closure of the Bid/Issue period.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the SCSB through which such Bidder had placed the original Bid.

A sample Revision form is reproduced below:

Revision Form – R

COMMON BID REVISION FORM	SUMICOT LIMITED- INITIAL PUBLIC ISSUE - R Registered Office: 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India Tel. No.: 0261- 2328902; Fax No.: 0261- 2334189; E-mail: info@sumicot.com; Website: www.sumicot.com ; CIN NO: U40106GJ2010PLC063028	FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS																
	To, The Board of Directors SUMICOT LIMITED	BOOK BUILT ISSUE ISIN - INE00DA01013																
		Bid Cum Application Form No. 																
SYNDICATE MEMBER'S STAMP & CODE SUB-BROKER'S/SUB-AGENT'S STAMP & CODE BANK BRANCH SERIAL NO.	REGISTERED BROKER / SCSE / CDP/ RTA STAMP & CODE ESCROW BANK / SCSE BRANCH STAMP & CODE SCSE SERIAL NO.	1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER Mr./Ms./M/s. Address Email Tel. No (with STD code) / Mobile 2. PAN OF SOLE / FIRST BIDDER 3. BIDDERS DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID																
PLEASE CHANGE MY BID																		
4. FROM (AS PER LAST BID OR REVISION)																		
Bid Options Option 1 (OR) Option 2 (OR) Option 3	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [1] equity shares)	Price per Equity Share (₹) / "Cut-off" (In Figures) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Bid Price</th> <th>Retail Discount, if any</th> <th>Net Price</th> <th>"Cut-off" (Please ✓ tick)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> </tbody> </table>	Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)				☐				☐				☐
Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)															
			☐															
			☐															
			☐															
5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")																		
Bid Options Option 1 (OR) Option 2 (OR) Option 3	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [1] equity shares)	Price per Equity Share (₹) / "Cut-off" (In Figures) <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Bid Price</th> <th>Retail Discount, if any</th> <th>Net Price</th> <th>"Cut-off" (Please ✓ tick)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> <tr> <td></td> <td></td> <td></td> <td>☐</td> </tr> </tbody> </table>	Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)				☐				☐				☐
Bid Price	Retail Discount, if any	Net Price	"Cut-off" (Please ✓ tick)															
			☐															
			☐															
			☐															
6. PAYMENT DETAILS																		
Additional Amount Paid (₹ in Figures) (₹ in words) 																		
ASBA Bank A/c No. 																		
Bank Name & Branch 																		
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED A BRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.																		
7A. SIGNATURE OF SOLE / FIRST BIDDER Date: _____, 2018	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSE to do all actions necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____	SYNDICATE MEMBER/BROKER / SCSE / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)																
TEAR HERE																		
SUMICOT LIMITED - BID REVISION FORM- INITIAL PUBLIC ISSUE - R																		
Acknowledgement Slip for Syndicate Member Broker/SCSE/CDP/RTA		Bid Cum Application Form No. 																
PAN of Sole / First Bidder 																		
DPID / CLID 	Additional Amount Blocked (₹ in figures) 	ASBA A/c No. 																
Bank & Branch 		Stamp & Signature of SCSE Branch																
Received from Mr./Ms. 																		
Telephone / Mobile Email 																		
TEAR HERE																		
SUMICOT LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R	Option 1 Option 2 Option 3 No. of Equity Shares Bid Price Additional Amount Blocked (₹) 	Stamp & Signature of Syndicate Member / Registered Broker / SCSE / CDP / RTA Name of Sole / First Bidder Acknowledgment Slip for Bidder Bid Cum Application Form No. 																

Revision Form – NR

COMMON BID REVISION FORM	SUMICOT LIMITED - INITIAL PUBLIC ISSUE - NR	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs, FPIs OR FVCIIs, ETC APPLYING ON A REPATRIATION BASIS
	Registered Office: S04, Trivith Chamber, Opp. Fire Brigade Station, Ring Road Surat-395002, Gujarat, India Tel. No.: 0261- 2328902; Fax No.: 0261- 2334189 E-mail: info@sumicot.com; Website: www.sumicot.com; CIN NO: U40106GJ2010PLC063028	

 To, The Board of Directors SUMICOT LIMITED	BOOK BUILT ISSUE ISIN - INE00DA01013	Bid Cum Application Form No.
	1. NAME & CONTACT DETAILS OF SOLE/FIRST BIDDER Mr./Ms./M/s. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ 2. PAN OF SOLE / FIRST BIDDER _____ 3. BIDDERS DEPOSITORY ACCOUNT DETAILS ■ NSDL ■ CDSL For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.	
SYNDICATE MEMBER'S STAMP & CODE SUB-BROKER'S/SUB-AGENT'S STAMP & CODE BANK BRANCH SERIAL NO.	REGISTERED BROKER / SCBS / CDP / RTA STAMP & CODE SCSB BRANCH STAMP & CODE SCSB SERIAL NO.	

PLEASE CHANGE MY BID									
4. FROM (AS PER LAST BID OR REVISION)									
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of 1 equity shares)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									

5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")									
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of 1 equity shares)								
	8	7	6	5	4	3	2	1	
Option 1									
(OR) Option 2									
(OR) Option 3									

6. PAYMENT DETAILS									
Additional Amount Blocked (₹ in Figures) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____									

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVER LEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.

7A. SIGNATURE OF SOLE / FIRST BIDDER Date: _____, 2018	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCBS to do all acts as are necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____	SYNDICATE MEMBER/BROKER / SCBS / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

 SUMICOT LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Syndicate Member Registered Broker/SCBS/CDP/RTA	Bid Cum Application Form No.
PAN of Sole / First Bidder _____		
Additional Amount Blocked (₹ in figures) _____ Bank & Branch _____ Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____	Stamp & Signature of SCBS Branch	

SUMICOT LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - NR	Option 1	Option 2	Option 3	Stamp & Signature of Syndicate Member / Registered Broker / SCBS / CDP / RTA	Name of Sole / First Bidder
	No. of Equity Shares				
	Bid Price				
	Additional Amount Blocked (₹)				
ASBA Bank A/c No.: _____ Bank & Branch: _____					Acknowledgment Slip for Bidder
					Bid Cum Application Form No.

4.2.1. NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OF SOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2. BID OPTIONS REVISION ‘FROM’ AND ‘TO’

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Bidder must also mention the details of shares applied/bid for given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Form.
- (b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed Rs. 200,000. In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

4.2.3. PAYMENT DETAILS

- a) All Bidders are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- b) Bidder may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under

the Non-Institutional Category in terms of the DRHP. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

- d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

4.2.4. SIGNATURES AND ACKNOWLEDGEMENTS

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3. SUBMISSION OF REVISION FORM/ BID CUM APPLICATION FORM /APPLICATION FORM

4.3.1. Bidders may submit completed Bid cum Application form / Revision Form in the following manner:-

Mode of Bid	Submission of Bid cum Application Form
All investors Bids	To the Bid cum Application Collecting Intermediaries as mentioned in the Draft Red herring Prospectus/ Bid cum Application Form
Anchor Investors Application Form	To the Book Running Lead Manager at the locations mentioned in the Anchor Investors Application Form

Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidders had placed the original Bid.

SECTION 5: INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

This being book built issue procedure for fixed price issue is not applicable.

SECTION 6- ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

6.1 SUBMISSION OF BIDS

- During the Bid/Issue Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- In case of Bidders (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the DRHP.

6.2 ELECTRONIC REGISTRATION OF BIDS

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- b) On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

6.3 BUILD UP OF THE BOOK

- a. Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLM at the end of the Bid/Issue Period.
- b. Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Issue Period.

6.4 WITHDRAWAL OF BIDS

- a) RIIs can withdraw their Bids until Bid/Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

6.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- a) **The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:**
 - 1) the Bids accepted by the Designated Intermediaries,
 - 2) the Bids uploaded by the Designated Intermediaries, and
 - 3) the Bid cum Application Forms accepted but not uploaded by the Designated Intermediaries.
- b) The BRLM and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.
- c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLM and their affiliate Syndicate Members (only in the Specified Locations) have

the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

- e) All bids by QIBs, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

GROUND OF REJECTIONS

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Bid cum Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price;
- GIR number furnished instead of PAN;
- Bid for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-off Price by NIIs and QIBs;
- Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the DRHP;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the DRHP;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bid accompanied by Stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms not delivered by the Bidder within the time prescribed as per the Bid cum Application Forms, Bid/Issue Opening Date advertisement and the DRHP and as per the instructions in the DRHP and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bid by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;

- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids by Bidders (other than Anchor Investors) not submitted through ASBA process or accompanied with cheque(s) or demand draft(s);
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Where no confirmation is received from SCSB for blocking of funds
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form. Bids not duly signed by the sole/First Bidder;
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Details of ASBA Account not provided in the Bid cum Application Form

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.

BASIS OF ALLOCATION

- a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.
- b) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- c) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.
- d) Illustration of the Book Building and Price Discovery Process

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

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

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

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

This being Book Built Issue, this section is not applicable for this Issue.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to DRHP. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Portion at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation in the Retail Portion at or above the Issue Price, then the maximum number of RIIs who can be allotted the minimum Bid Lot will be computed by dividing the total number of

Equity Shares available for Allotment to RIIs by the minimum Bid Lot (“Maximum RII Allottees”). The Allotment to the RIIs will then be made in the following manner:

(a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Portion shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis upto a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders may refer to the SEBI ICDR Regulations, 2009 or Red Herring Prospectus / Prospectus. Bids received from QIBs bidding in the QIB Portion (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Portion may be available for allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- In the first instance allocation to Mutual Funds for upto 5% of the QIB Portion may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds may be done on a proportionate basis for upto 5% of the QIB Portion; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs.
- In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Portion, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for upto 95% of the QIB Portion; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under subscription below 5% of the QIB Portion, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR

a. Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the company subject to compliance with the following requirements:

- i) not more than 60% of the QIB Portion will be allocated to Anchor Investors;

ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

iii) Allocation to the Anchor Investors shall be on a discretionary basis, and subject to:

- where allocation in the Anchor Investor Portion is upto Rs. 1,000 Lakhs, maximum of 2 (two) Anchor Investors;
- where the allocation under the Anchor Investor Portion is more than Rs. 1,000 Lakhs but upto Rs. 25,000 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of Rs. 500 Lakhs per Anchor Investor; and
- where the allocation under the Anchor Investor portion is more than Rs. 25,000 Lakhs: (i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto Rs. 25,000 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of Rs. 25,000 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of Rs. 500 Lakhs per Anchor Investor.

b. An Anchor Investor shall make an application of a value of at least Rs. 1,000 Lakhs in the Issue.

c. A physical book is prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the company in consultation with the BRLM, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

d. In the event that the Issue Price is higher than the Anchor Investor Issue Price:

Anchor Investors will be sent a revised CAN within 1 (one) day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors

e. In the event the Issue Price is lower than the Anchor Investor Issue Price: Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 Basis of Allotment for QIBs (other than Anchor Investors) and NIIs in case of Over Subscribed Issue

In the event of the Issue being Over-Subscribed, the Issuer may finalise the Basis of Allotment in consultation with the EMERGE Platform of National Stock Exchange of India Limited (The Designated Stock Exchange). The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

(a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category x number of Shares applied for).

(b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

(c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:

- Each successful Bidder shall be allotted [●] equity shares; and
- The successful Bidder out of the total bidders for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.

(d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●]

equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.

(e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the offer specified under the Capital Structure mentioned in this DRHP.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000/-. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with National Stock Exchange of India Limited.

The Executive Director / Managing Director of National Stock Exchange of India Limited - the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Bank shall transfer the funds represented by allocation of Equity Shares to Anchor Investors (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF

TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Bid/Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Red Herring Prospectus/ Prospectus. The Designated Stock Exchange may be as disclosed in the Red Herring Prospectus/ Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders in pursuance of the DRHP/Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, 2013 and as disclosed in the DRHP.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitutional or additional provisions as has been or may be notified under the Companies Act, 2013).

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

8.3 MODE OF REFUND

- i. **In case of ASBA Bids:** Within 6 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids and also for any excess amount blocked on Bids.
- ii. **In case of Anchor Investors:** Within 6 (Six) Working Days of the Bid/ Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch

of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

8.3.1 Mode of making refunds for ASBA Bidders

The Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.3.2 Mode of making refunds for Bidders other than ASBA Bidders (Anchor Investors)

The payment of refund, if any, may be done through various modes as mentioned below:

- 9 **NEACS** - Payment of refund may be done through NEACS for Bidders having an account at any of the centres specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder as obtained from the Depository;
- 10 **NEFT** - Payment of refund may be undertaken through NEFT wherever the branch of the Bidders' bank is NEFT enabled and has been assigned the Indian Financial System Code (—IFSC—), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Bidders have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- 11 **Direct Credit** - Bidders having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- 12 **RTGS** - Bidders having a bank account at any of the centres notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS. The IFSC code shall be obtained from the demographic details. Anchor Investors should note that on the basis of PAN of the applicant, DP ID and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders account details, IFSC code, MICR code and occupation (hereinafter referred to as 'Demographic Details'). The bank account details for would be used giving refunds. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at their sole risk and neither the BRLM or the Registrar to the Issue or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same; and
- 13 Please note that refunds, on account of our Company not receiving the minimum subscription of 90% of the Issue, shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank. For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres etc Bidders may refer to RHP/Prospectus.

13.1 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Bidders or instructions for unblocking of funds in the ASBA Account are not dispatched within the 4 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Bid/Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid Cum Application Form
Allocation/ Allocation of Equity Shares	The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Bidders
Allotment/ Allot/ Allotted	Issue and allotment of Equity Shares of our Company pursuant to the Issue of the Equity Shares to successful Bidders
Allottee(s)	Successful Bidders(s) to whom Equity Shares have been allotted
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Anchor Investor(s)	A qualified institutional buyer, applying under the Anchor investor portion, who has bid for an amount of at least Rs. 1000 Lakhs, in accordance with the requirements specified in the SEBI regulations and the Draft Red Herring Prospectus
Anchor Investor Allocation Notice	Notice or intimation of the allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares and includes any device, intimation or notice sent to Anchor Investors in the event that the issue price is higher than the Anchor Investor Allocation Price.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company, in consultation with the BRLM, on the Anchor Investor Bidding Date.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus
Anchor Investor Bidding Date	One working day prior to the Bid/Issue opening date on which Bids by Anchor Investors shall be submitted, prior to or after which the members of the syndicate will not accept any Bids from the Anchor Investors and allocation to Anchor Investors shall be completed
Anchor Investor Escrow Account(s)	Accounts opened for the Issue to which funds shall be transferred by Anchor Investors
Anchor Investor Issue Price	The final price at which Allotment will be made to Anchor Investors in terms of the Draft Red Herring Prospectus, Red

Term	Description
	Herring Prospectus and Prospectus, which shall be higher than or equal to the Issue Price
Anchor Investor Pay-in Date	With respect to Anchor Investors, it shall be the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Issue Price, not later than two Working Days after the Bid/ Issue Closing Date.
Anchor Investor Portion	Upto 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLM, to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.
Allotment Advice	Note or advice or intimation of Allotment sent to the successful Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
ASBA / Application Supported by Blocked Amount	An application, whether physical or electronic, used by Bidders, to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	An account maintained with an SCSB and specified in the Bid cum Application Form submitted by Bidders for blocking the Bid Amount mentioned in the Bid cum Application Form
ASBA Application Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely New Delhi, Chennai, Kolkata, Surat and Mumbai.
Banker(s) to the Issue/ Public Issue Bank(s)	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case being ICICI Bank Limited
Basis of Allotment	The basis on which Equity Shares will be Allotted to the successful Bidders under the Issue and which is described under chapter titled “Issue Procedure” beginning on page 323 of this Draft Red Herring Prospectus.
Bid	An indication to make an issue during the Bid/Issue Period by a Bidder (other than an Anchor Investor) or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to submission of an ASBA Form to subscribe for Equity Shares, at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Issue
Bid cum Application form	The form used by a Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Draft Red Herring Prospectus

Term	Description
Bid Cum Application Collecting Intermediaries	6. a SCSB with whom the bank account to be blocked, is maintained 7. a syndicate member (or sub-syndicate member) If any 8. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)(‘broker’) if any 9. a depository participant (‘DP’) (whose name is mentioned on the website of the stock exchange as eligible for this activity) 10. 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)
Bid Lot	[●] Equity shares and in multiples of [●] Equity Shares thereafter
Bid/ Issue Closing Date	Except in relation to Anchor Investors, The date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation and in case of any revision, the extended Bid/Issue Closing Date shall also be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Further, our Company may, in consultation with the BRLMs, decide to close Bidding by QIBs one Working Day prior to the Bid/Issue Closing Date.
Bid/ Issue Opening Date	Except in relation to Anchor Investors, The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Regional newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/ Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, or the QIB Bid/ Issue Closing Date, as the case may be (in either case inclusive of such date and the Bid/ Issue Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids, including any revisions thereof. Provided however that the Bidding/ Issue Period shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.

Term	Description
Bidder	Any prospective investor in the Issue, and unless otherwise stated or implied, includes an ASBA Bidder and Anchor Investor
Bidding/collecting Centre	Centres at which the Designated Intermediaries shall accept the Bid Cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Issue is being made
Book Running Lead Manager or BRLM	The Book Running Lead Manager to the Issue namely Pantomath Capital Advisors Private Limited
Broker Centres	Broker centres notified by the Stock Exchanges, where the Bidders can submit the Bid cum application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of National Stock Exchange of India Limited.
CAN or Confirmation of Allocation Note	The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/ transferred, after approval of Basis of Allotment by the Designated Stock Exchange. In the case of Anchor Investors CAN shall mean the note or advice or intimation of Allotment of Equity Shares sent to the Anchor Investors to whom Equity Shares have been Allotted.
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids (or a revision thereof) will be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Cut-off Price	Issue Price, which shall be any price within the Price Band finalised by our Company in consultation with the BRLM. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non Institutional Bidders are not entitled to Bid at the Cut-off Price.
Collecting Depository Participant or CDP	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 Branch/Designated Branch	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at 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 Bidders/Applicants such as their address, PAN, occupation and bank account details
Depositories	Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL

Term	Description
Depository Participant	A Depository Participant as defined under the Depositories Act, 1996
Designated Date	The date on which the Collection Banks transfer funds from the public issue accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Issue Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the respective Offered Shares.
Designated Intermediary(ies)	Syndicate, Sub-Syndicate Members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such centres of the RTAs where Bidder can submit the Bid cum Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchange (www.nseindia.com) and updated from time to time
Designated Stock Exchange	National Stock Exchange of India Limited
Designated CDP Locations	Such centres of the CDPs where Bidders can submit the Bid Cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.nseindia.com) and updated from time to time
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated May 28, 2018 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue
Eligible NRI	NRIs from such jurisdiction outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Draft Red Herring Prospectus constitutes an invitation to subscribe for the Equity Shares offered herein on the basis of the terms thereof.
EMERGE Platform of NSE/ SME Exchange	The EMERGE Platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter XB of the SEBI (ICDR) Regulations
Escrow Collection Bank	Such Banks with whom Anchor Investor Escrow Account will be opened. In our case, ICICI Bank Limited will be Escrow Collection Bank
First/sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint

Term	Description
	Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted
FII/ Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
General Information Document/GID	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and included in “Issue Procedure” on page 323 of this Draft Red Herring Prospectus
Issue Closing Date	The date on which issue closes for subscription.
Issue Opening Date	The date on which issue opens for subscription.
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants can submit their Applications.
Issue Price	The price at which Equity Shares are being issued and allotted by our Company under this Draft Red Herring Prospectus being Rs. [●]/- per Equity Share of face value of Rs. 10 each fully paid. Unless otherwise stated or the context otherwise implies, the term Issue Price refers to the Issue Price applicable to investors other than Anchor Investors
Issue Proceeds	Proceeds to be raised by our Company through this Issue being Rs. [●] lakhs, for further details please refer chapter title “ <i>Objects of the Issue</i> ” beginning on page 105 of this Draft Red Herring Prospectus.
Issue/ Issue Size/ Initial Public Offer/ Initial Public Offering/ IPO	Public Issue of upto 60,00,000 Equity Shares of face value Rs. 10 each fully paid of Sumicot Limited for cash at a price of Rs. [●] per Equity Share (the “ <i>Issue Price</i> ”) (including a premium of Rs.[●] per Equity Share) aggregating up to Rs. [●] Lakhs.
Issue Agreement	The agreement dated March 26, 2018 between our Company and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue.
Listing Agreement	The Equity Listing Agreement to be signed between our Company and the National Stock Exchange of India Limited.
Market Making Agreement	Market Making Agreement dated [●] between our Company, Book Running Lead Manager and Market Maker.
Market Maker	Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who 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 any other period as may be notified by SEBI from time to time
Market Maker Reservation Portion	The Reserved Portion of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] for the Market Maker in this Issue.
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time

Term	Description
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity shares which shall be available for allocation to Mutual Funds only
Net Issue	The Issue (excluding the Market Maker Reservation Portion) of [●] Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs [●] per Equity Share aggregating Rs. [●] by our Company
Net Proceeds	The Issue Proceeds, less the Issue related expenses, received by the Company.
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
NSE	National Stock Exchange of India Limited
Net QIB Portion	The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non Institutional Bidders	All Bidders, including Category III FPIs that are not QIBs or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs
Non-Resident	A person resident outside India, as defined under FEMA and includes FIIs and FPIs
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 as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue
Other Investors	Investors other than Retail Individual Investors. These include individual bidders/applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
Pay-in Period	The period commencing on the Bid/Issue Opening Date and extending until the closure of the Anchor Investor Pay-in Date.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Price Band	Price band of a minimum price of Rs. [●] per Equity Share (Floor Price) and the maximum price of Rs. [●] per Equity Share (Cap Price) including revisions thereof.

Term	Description
	The Price Band and the minimum Bid Lot size for the Issue will be decided by our Company in consultation with the BRLM and will be advertised at least five Working Days prior to the Bid/ Issue Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Gujarati newspaper [●], each with wide circulation
Pricing date	The date on which our Company in consultation with the BRLM will finalise the Issue Price
Prospectus	The Prospectus to be filed with the RoC on or after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI (ICDR) Regulations containing, inter alia, the Issue Price, the size of the Issue and certain other information
Public Issue Account	The bank account opened with the Banker to the Issue i.e. ICICI Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the bidders on the Designated Date.
Public Issue Account Agreement/ Banker to the Issue Agreement	Agreement entered on March 26, 2018 amongst our Company, Book Running Lead Manager, the Registrar to the Issue and Public Issue Bank/Banker to the Issue for collection of the Bid Amount on the terms and conditions thereof.
QIB Portion	The portion of the Issue being [●]% of the Net Issue consisting of [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investor) subject to valid Bids being Received at or above the Issue Price
Qualified Institutional Buyers or QIBs	Qualified Institutional Buyers as defined under Regulation 2(1) (zd) of the SEBI (ICDR) Regulations, 2009.
Red Herring Prospectus or RHP	The Red Herring Prospectus dated [●] to be issued in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI (ICDR) Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding refund to Bidders) shall be made.
Refund Bank(s) / Refund Banker(s)	Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited.
Refund through electronic transfer of funds	Refunds through NECS, direct credit, RTGS or NEFT, as applicable
Registered Broker	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is

Term	Description
	available on http://www.nseindia.com/membership/dynaContent/find_a_broker.htm
Registrar /Registrar to the Issue	Registrar to the Issue being Bigshare Services Private Limited situated at Bharat Tin Works Building, 1st Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra, India
Registrar Agreement	The agreement dated March 26, 2018 entered into by and among our Company, and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar and Share Transfer Agents 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
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Bidder(s)/Retail Individual Investor(s)/RII(s)/RIB(s)	Individual Bidders, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i>), who apply for an amount less than or equal to Rs 2,00,000
Revision Form	Form used by the Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous Revision Form(s)
Reservation Portion	The portion of the Issue reserved for category of eligible Bidders as provided under the SEBI (ICDR) Regulations, 2009
Reserved Category / Categories	Categories of persons eligible for making Bids under reservation portion.
SCSB/ Self Certified Syndicate Banker	Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which Issue the service of making Bids/Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on 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
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange.
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms from Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in) and updated from time to time

Term	Description
Syndicate Agreement	Agreement dated [●] entered into amongst the BRLM, the Syndicate Members, our Company in relation to the procurement of Bid cum Application Forms by Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Pantomath Stock Brokers Pvt Ltd.
Syndicate or Members of the Syndicate	The BRLM and the Syndicate Members
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid
Underwriter	Pantomath Capital Advisors Private Limited
Underwriting Agreement	The agreement dated [●] entered into between the Underwriter and our Company
Wilful Defaulter(s)	Wilful defaulter(s) as defined under Regulation 2(zn) of SEBI ICDR Regulations
Working Day	(i) Till Application/ Issue closing date: All days other than a Sunday or a public holiday, on which commercial banks in Mumbai are open for business; (ii) Post Application/ Issue closing date and till the Listing of Equity Shares: All trading days of stock exchanges excluding Sunday and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P?2016/26 dated January 21, 2016.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 (**"FEMA"**). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (**"RBI"**) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (**"DIPP"**).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (**"FDI"**) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (**"DIPP"**), has issued consolidated FDI Policy Circular of 2017(**"FDI Policy 2017"**), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India (**"RBI"**) also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore, applicable foreign investment up to 100% is permitted in our company under automatic route.

In case of investment in sectors through Government Route approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include: (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained; and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.; (ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial

acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank and iv) where the investee company is in the financial sector provided that: a) Any 'fit and proper/due diligence' requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Investment conditions/restrictions for overseas entities

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Schedule 1, 2, 3, 6, 7, 8, 9, and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

i. Investment by FPIs under Portfolio Investment Scheme (PIS):

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10 % of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together shall not exceed 24 % of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10 percent and 24 percent will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

ii. Investment by NRI or OCI on repatriation basis:

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as "Capital Instruments") of a listed Indian company on a recognised stock exchange in India by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017 that is:

The total holding by any individual NRI or OCI shall not exceed 5 percent of the total paid-up equity capital on a fully diluted basis or should not exceed 5 percent of the paid-up value of

each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10 percent of the total paid-up equity capital on a fully diluted basis or shall not exceed 10 percent of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10 percent may be raised to 24 percent if a special resolution to that effect is passed by the general body of the Indian company.

iii. Investment by NRI or OCI on non-repatriation basis

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.

Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.

Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the 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 Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

PRELIMINARY

1. In these Articles:

"The Act" and reference to any Section or provision thereof respectively means and includes the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force and reference to the Section or provisions of the Act or such statutory modification.

"Affiliate" in respect of any Company, means any legal entity which, controls or is controlled by that Company, or is controlled by the same individual or entity which controls that Company. For the purposes of this definition, any entity is controlled by another entity or individual where that entity or individual owns, directly or indirectly, more than fifty percent of the shares entitled to a vote at general meetings of shareholders or has the power to cause the election of a majority of the Board of Directors of the first entity.

"Article" or "these Articles" means the Articles set out herein.

"Auditors" means and includes those persons appointed as such for the time being by the Company.

"Board" or "Board of Directors" means the Board of Directors and the Directors collectively or a meeting of the Directors duly called and constituted or, as the case may be, the Directors assembled at the Board or the Directors of the Company collectively.

"Capital" means the share capital for the time being raised or authorised to be raised for the purpose of the Company.

"Chairman" means the Chairman of the General Meetings and Board as referred to, in these Articles.

"the Company" or "the Corporation" means **SUMICOT LIMITED**.

"Director" means a Director appointed to the Board of the Company.

"Managing Director" means the Managing Director or Managing Directors of the Company for the time being.

"Dividend" includes any interim dividend.

"General Meeting" means the Annual General Meeting and Extraordinary General Meeting of the Company, as the case may be, as defined by the relevant provisions of the Act.

"Member" means a duly registered holder of Shares from time to time and includes the subscribers to the memorandum of the Company and beneficial owners as defined in the Depositories Act, 1996.

"Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto respectively under the Act.

"Month" means Calendar Month.

"Office" means the registered office for the time being of the Company.

"Paid up" includes credited as paid-up.

"Person" includes corporations as well as individuals.

"Proxy" includes Attorney duly constituted under a Power of Attorney.

"The Registrar" means the Registrar of Companies of the state in which the registered office of the Company is situated for the time being.

The word "Debenture" includes Debenture-Stock.

"Seal" means the common seal for the time being of the Company.

"Shareholder" means any person(s) who is a holder of any class of Shares.

“Shares” and “Shares in the Company” mean all classes of shares in the Capital of the Company or any class thereof, as the case may be and includes any and all the rights conferred on a person by the ownership of such shares.

"Year" means the calendar year, and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.

Words importing the masculine gender also include the feminine gender.

Words importing the singular number include, where the context admits or requires, the plural number and vice versa.

"In writing" and "written" include printing or lithography or any other modes of representing or reproducing words in visible form.

Unless the context otherwise requires, words or expressions contained in these Articles of Association shall bear the same meaning as in the Act, or any statutory modification thereof in force on the date on which these Articles become binding on the Company.

APPLICATION OF TABLE `F'

For the matters not provided herein, the provisions contained in Table `F' shall apply to the Company.

PUBLIC COMPANY

The Company is a Public Company within the meaning of Section 2(71) of the Companies Act, 2013, with a minimum Paid up Capital of Rupees Five lakhs or such higher paid up capital as may be prescribed and accordingly:

- (i) Does not restrict the right to transfer its shares;
- (ii) Does not limit the number of its members to be two hundred:

Provided further that-

- (A) persons who are in the employment of the company; and
- (B) persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased, shall not be included in the number of members; and
- (iii) does not prohibit any invitation to the public to subscribe for any securities of the Company.

SHARE Capital

- 1) The Authorised Share Capital of the Company shall be such amount as stated in the Company's Memorandum from time to time, with such rights, privileges and conditions attaching thereto as may be determined by the Company in General Meeting, and if no direction be given, as the Directors may determine.
- 2) The Shares of the Company shall be under the Control of the Board, subject to the provisions of the Act and Articles contained herein. The Board may issue, allot, or otherwise dispose off Shares in such manner as it may deem proper subject to the Act and such other applicable laws.
- 3) Issue and redemption of Preference Shares

Subject to the provisions of the Act, the Company shall have the power to issue reference Shares which are or, at the option of the Company, are liable to be redeemed, and the Resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

LIEN

- (1) (i) The company shall have a first and paramount lien-
 - a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
 - b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
- (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
- (2) The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made-

 - a) unless a sum in respect of which the lien exists is presently payable; or
 - b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

TRANSFER OF SHARES

The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. Nothing contained in these Articles shall apply to transfer of securities held in Depository.

TRANSMISSION OF SHARES

- 1) On the death of sole member, his nominee(s), if any, shall be the only person(s) recognised by the Company as having any title to his interest in the shares to the exclusion of succession laws applicable to the deceased member.
- 2) Every member shall deliver to the Company a nomination in accordance with and subject to the Rules made by the Board.
- 3) In case, the nomination is not made as provided above, it shall be deemed that a nomination has been made by the deceased member himself, in the following order of precedence:
 - a spouse, if any;
 - child or children, if any, jointly;

EXPLANATION: This includes both unmarried and married children of both sexes.

FORFEITURE OF SHARES

- 1) If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 2) The notice aforesaid shall-
 - 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
 - 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.

- 3) 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.
- 4) (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.
- 5) (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.
- 6) (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.
- 7) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

NOMINATION

Equity holders of Shares/Debentures may nominate a person to whom its Shares in, or the debentures of the Company, shall vest, in accordance with the provisions contained in Companies Act, 2013.

SHARES IN ELECTRONIC FORM

(A). Definition:

‘Depository’ shall mean a Depository as defined under clause (e) of sub section (1) of Section 2 of the Depositories Act, 1996.

‘Beneficial Owner’ shall mean the beneficial owner as defined in clause (a) of sub section (1) of Section 2 of the Depositories Act, 1996.

‘Shareholder’ or ‘Member’ means the duly registered holder of the shares from time to time and includes the subscribers to the Memorandum of Association of the Company and the

beneficial owner(s) as defined in clause (a) of sub section (1) of section 2 of the Depositories Act, 1996.

‘SEBI Board’ means the Securities and Exchange Board of India;

‘Bye-laws’ means bye-laws made by a Depository under Section 26 of the Depositories Act, 1996:

‘Depositories Act’ means the Depositories Act, 1996 including any statutory modifications or re-enactment thereof for the time being in force:

‘Record’ includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the Regulations:

‘Regulations’ means the regulations made by the SEBI Board;

‘Security’ means shares, debentures and such other security as may be specified by the SEBI Board from time to time.

(B). Dematerialisation of securities

Notwithstanding anything contained in these articles, the Company shall be entitled to dematerialize its securities in a dematerialised form, pursuant to the Depositories Act and the rules framed there under.

5(e) ‘The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised in future or issued in future in dematerialised form’.

5(f) ‘The Company shall be entitled to dematerialize its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares, debentures and other securities, in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any’.

(C). Option to receive security certificates or hold securities with Depository

- (1) Every person subscribing to the securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository.
- (2) Where a person opts to hold a security with a Depository, the company shall intimate such depository the details of allotment of the security, and on receipt of such information the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.

(D). Securities in depositories to be in fungible form

- (1) All securities held by a Depository shall be dematerialised and shall be in fungible form.
- (2) Nothing contained in Section 89 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.
- (3) In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in any electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply”.

(E). Rights of Depositors and Beneficial Owners

- (1) Notwithstanding anything to the contrary contained in the Articles or in any other law for the time being in force, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of a beneficial owner.
- (2) Save as otherwise provided in clause (1) above, the Depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.

- (3) Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be the member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his securities held by a Depository.
- (4) Nothing contained in the foregoing Article shall apply to transfer of security effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of Depository.

(F). Depository to furnish information

Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in this behalf.

(G). Option to opt out in respect of any such security

- (1) If a beneficial owner seeks to opt out of a Depository in respect of any security, he shall inform the Depository accordingly.
- (2) The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company.
- (3) The Company shall, within (30) days of the receipt of intimation from a Depository and fulfilment of such conditions and on payment of such fees as may be specified by the Regulations, issue the certificate of securities to the beneficial owner or the transferee, as the case may be.

(H). Section 56 of the Act not to apply

Notwithstanding anything to the contrary contained in the Articles:

- (1) Nothing contained in Section 56 of the Act shall apply to a transferor and the transferee both of whom are entered as beneficial owners in the records of a Depository.

(I). Registers and Index of beneficial owners

The Register and index of beneficial owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of members for the purposes of the Act and these Articles.

- (1) Except as ordered by a court of competent jurisdiction or by Law required, the Company shall be entitled to treat the person whose name appears on the Register of members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust, or equity and equitable contingent or other claim to or interest in such share on the part of any other person, whether or not it shall have express or implied notice thereof.
- (2) The Company shall keep a Register and index of Members in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by Law including in any form of electronic media. The Company shall be entitled to keep in any State or Country outside India, a branch Register of members resident in that State or Country.

- (3) The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share held in material form. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered on the Register of Members in respect thereof.

DIVIDEND

10.1. DIVISION OF PROFITS

The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles shall be divisible among the members in proportion to the amount of capital paid-up or credited as paid-up on the shares held by them respectively.

10.2. THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

10.3. DIVIDENDS ONLY TO BE PAID OUT OF PROFITS

No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Act or out of the profit of the Company and remaining undistributed or out of both, provided that;

- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years, the amounts of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of Section 123 of the Act or against both.

10.4. INTERIM DIVIDEND

The Board may subject to provisions of the Act, from time to time, pay to the members, such interim dividend as in its judgement the position of the Company justifies.

10.5. CAPITAL PAID UP IN ADVANCE AT INTEREST NOT TO EARN DIVIDEND

Where capital is paid in advance of call, such capital may carry interest but shall not in respect thereof confer a right to dividend or participate in profits or voting rights.

10.6. DIVIDEND IN PROPORTION TO AMOUNT PAID-UP

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 accordingly.

10.7. RETENTION OF DIVIDENDS UNTIL COMPLETION OF TRANSFER

The Board may retain the dividends payable upon shares in respect of which any person is entitled to transfer, until such person shall become a member, in respect of such shares or shall duly transfer the same.

10.8. DIVIDEND ETC., TO JOINT HOLDERS

Any one of several persons who are registered as the Joint-Holders of any share may give effectual receipts for all dividends or bonus or other moneys payable in respect of such shares.

10.9. NO MEMBER TO RECEIVE DIVIDEND WHILE INDEBTED TO THE COMPANY AND COMPANY'S RIGHT OF REIMBURSEMENT THEREOF

No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, while any money may be due or owing from him to the Company in respect of such share or shares, or otherwise, however, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of the money so due from him to the Company.

10.10. TRANSFER OF SHARES MUST BE REGISTERED

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

10.11. DIVIDEND HOW REMITTED

Unless otherwise directed, any dividend may be paid by Cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in Register in respect of the joint holders. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt lost in transmission; or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

10.12. UNCLAIMED DIVIDEND

Any amount remains unpaid in the Dividend account as mentioned in the Article '10.14' and '10.15' below, may be treated in the manner prescribed under the Act.

10.13. NO INTEREST ON DIVIDENDS

No unpaid dividend shall bear interest as against the Company.

10.14. TRANSFER TO SPECIAL BANK ACCOUNT

The Company after having declared the dividend must transfer the unpaid or unclaimed dividend, if any, to special account in a scheduled Bank to be named suitably to represent the Unpaid Dividend Account of **SUMICOTLIMITED** within 7 days after the expiry of 30 days commencing from the date of declaration of dividend.

10.15. TRANSFER TO GENERAL REVENUE ACCOUNT

If any dividend remains unpaid or unclaimed for a period of seven years after the amount is transferred to the special bank Account, the amount remaining in the special bank Account will have to be transferred to the General Revenue Account of the Central Government (including such specified accounts), containing the details of the share-holders who have not been paid the dividend and the amount of dividend unclaimed.

10.16. DIVIDEND AND CALL TOGETHER

Any General Meeting declaring a dividend may, on the recommendation of the Directors, make a call on the members of such amount as the meeting fixes, but so that call on each

member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend; and the dividend may, if so arranged, between the company and the member, be set off against the calls.

CAPITALIZATION OF RESERVE

(1) The Company in General Meeting, may upon the recommendation of the Board, resolve:

- a. That it is desirable to capitalize 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 the distribution in the manner specified in Section (2) amongst the members who have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Section (3), 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 proportion aforesaid or
- c. Partly in the way specified in sub Section (a) and partly in that specified in sub Section

(3) A share premium account and a capital redemption reserve account may for the purpose of this regulation, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the company in pursuance of this article.

NUMBER OF DIRECTORS

There shall be a minimum of 3 and maximum of 15 Directors including all kinds of Directors but excluding nominee Directors of the financial institutions.

APPOINTMENT AND TENURE OF DIRECTORS

(1) Until otherwise determined by a general meeting of the Company and subject to the provisions of the Act, the number of Directors shall not be less than three nor more than fifteen.

The following persons are the first Directors of the Company.

1. SHRI SHANKARLAL SOMANI
2. SHRI MANISHKUMAR SOMANI
3. SHRI RAKESH RAJKUMAR SOMANI

(2) The Directors shall cease to be Directors in case of death, resignation or removal as per the Act or disqualification or withdrawal of nomination by the nominating authority.

(3) The Board may appoint additional Directors in accordance with the provisions of Section 161 (1) of the Companies Act, 2013 for the benefit of the Company in general, and in particular, when there is no quorum at the Board Meeting, and such meeting has to be conducted without adjournment.

(4) The Board may appoint Alternate Directors as and when required subject to the provisions of Section 161 (2) of the Companies Act, 2013.

(5) **Nominee Director**

- (a) Notwithstanding anything contained in sub-article (1) and (2) hereof, financial institutions or banks who have granted long term loans to the Company may appoint

Nominee Directors, during the period of their loans remaining unpaid, subject to the provisions of Section 25 of the Industrial Finance Corporation Act, 1948 and Section 27 of the Finance Corporation Act, 1951, as the case may be, or such agreement or arrangement, as has been mutually agreed upon.

- (b) The Nominee Directors so appointed shall not retire by rotation.
- (c) The Nominee Directors shall have the same rights and privileges in respect of voting rights at the Board Meetings, payment of sitting fee and reimbursement of travelling expenses in the same manner as admissible to other directors.

QUALIFICATION OF DIRECTORS

No Director shall be required to hold qualification shares.

SITTING FEE & COMMISSION

- (1) The Company may pay sitting fees to any Director for attending the Board, Committee or General Meetings of the Company as may be decided by the Board of Directors from time to time. Subject to the requisite approvals, the Directors may be paid commission on profits also.
- (2) The Directors may however be paid all travelling, hotel and other expenses properly incurred by them:
 - a. In attending and returning from meetings of the Board or any committee thereof or General Meeting of the Company; or
 - b. In connection with the activities of the Company.

APPOINTMENT OF MANAGING/WHOLE TIME DIRECTOR

- (1) The Board may appoint one or more of its body to the office of the Managing Director or Whole Time Director by whatsoever designation on such terms and conditions, including remuneration and privileges, as may be thought proper.
- (2) The Board may vest in such appointee(s) such powers and discretion as may be deemed necessary and expedient.
- (3) Notwithstanding anything contained herein, the Board shall have power to revoke such appointments before expiry of their tenure in the best interest of the Company and such revocation shall not be deemed to be removal within the meaning of Section 169 of the Act.

POWERS OF THE BOARD

Without prejudice to the general powers conferred on the Board by the Act and the Articles of Association of the Company, the Board shall have the following powers:

- (a) to borrow, with or without security, from any source, without any restrictions as to ceiling, however, subject to the provisions of the Act;
- (b) to make loans or lend money to anyone with security and interest as may be deemed appropriate to achieve the objectives of the Company;
- (c) to invest the funds of the Company in any manner as may be deemed appropriate to achieve the objectives of the Company;
- (d) to give guarantee or provide any security for any amount, with or without consideration;

- (e) to draw, make, accept, negotiate, endorse, discount, assign, execute, issue, buy or sell, promissory notes, bills of exchange, bills of lading and other negotiable instruments;
- (f) to make donations in any form, statutorily required or otherwise for the purpose of contribution to:
 - (1) financial health of the Company; or
 - (2) welfare of the members and the employees of the Company (and their families) present or past;
- (g) to remit or give time for the payment, any debt due by a Director, customer or buyer or an employee;
- (h) to write off any bad debts;
- (i) to pay preliminary expenses, including those of any Company promoted by the Company;
- (j) to adopt, execute any or all the pre-incorporation contracts;
- (k) to delegate any or all the powers contained herein to any functional Directors, with an authority for further sub-delegation;
- (l) to purchase any property movable or immovable in India,
- (m) to appoint an attorney(ies) of the Company, with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) as may be deemed proper and to revoke such appointments;
- (n) to frame rules where required by the provisions of these Articles.
- (o) Generally to do all deeds and things as the expedience of the business warrants; and
- (p) to issue securities, including debentures, whether in or outside India.

POWERS OF THE CHAIRMAN

- (1) The Chairman shall preside over every Board Meeting and General Meeting.
- (2) In the event of equality of votes, the Chairman shall have a casting vote, in addition to his own vote as a Director or a member as the case may be.
- (3) The Chairman may adjourn Board Meeting or a General Meeting or a Meeting of any Committee, as he may deem proper, if and when;
 - (a) a quorum is not present within 15 minutes from the time appointed for holding the meeting;
 - (b) a poll is demanded;
 - (c) a member raises a point of order (strictly confined to incorrect procedure, irrelevancy and unparliamentary language or transgressing the provisions of Articles of Association of the Company);
 - (d) the meeting is turned into a mock show.
- (4) The Chairman may at his discretion close a debate of motion by the member if he is satisfied that such debate serves no useful and constructive purpose.

PROCEEDINGS OF THE BOARD

- (1) (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.

- (2) (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 Chairman of the Board, if any, shall have a second or casting vote.
- (3) 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.
- (4) (i) The Board may elect a Chairman of its Meetings and determine the period for which he is to hold office.
- (ii) If no such Chairman is elected, or if at any Meeting the Chairman 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 Chairman of the Meeting.
- (5) (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.
- (6) (i) A Committee may elect a Chairman of its Meetings.
- (ii) If no such Chairman is elected, or if at any Meeting the Chairman 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 Chairman of the Meeting.
- (7) (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 Chairman shall have a second or casting vote.
- (8) 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.
- (9) 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.

AUTHORITY TO CALL BOARD MEETINGS

- (1) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (2) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

MEETINGS

- (1) The Board and General Meetings of the Company can be convened through video conference as per the Act.
- (2) The Company shall adhere to the Secretarial Standards issued from time to time by the Institute of Company Secretaries of India or such other guidelines which may be issued from any other authority and which the Act may make mandatory on the Company, relating to Board and General Meetings.

QUORUM

- (1) Five members present in person at the General Meeting shall be the quorum for such a meeting of the Company.
- (2) Two Directors or one third of the total number of Directors as on the date whichever is higher shall be the quorum for the meetings of the Board/Committee.
- (3) If at the adjourned General Meeting a quorum is not present within half-an-hour from the time appointed for holding the meeting, the members present shall be a quorum.

PERIOD OF NOTICE FOR CALLING GENERAL MEETING

- (1) A written notice of not less than 21 (Twenty one) days shall, for every General Meeting, be given to the members to their addresses recorded in the Register of Members or through electronic mode. However the General Meeting may be convened by giving shorter notice with the consent of the Shareholders as per the provisions of the Act.
- (2) The period of notice, provided in the foregoing sub-article, shall include the day of posting and delivery of a notice and the day of holding the meeting, and the 48 hours time of postal transit.
- (3) A notice, in pursuance of sub-article (i) shall be required to be given for every adjourned meeting of the Company.

CONTENTS OF NOTICE AND PERSONS TO WHOM IT IS TO BE SERVED

- (1) Every notice of a General Meeting shall specify the place, the day, and the time of the meeting and the agenda of business to be transacted thereat.
- (2) Notice of every General Meeting shall be served on the members of the Company, who are entitled to vote thereat, and the Auditors of the Company, in case of the Annual General Meeting.

ACCOUNTS

- (1) 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 account and books of the Company or any of them shall be open to the inspection of members (not being Directors).
- (2) No member (not being a Director) shall have any rights of inspection any accounts or books of accounts of the Company except as conferred by the law or authorised by the Board or by the Company in General Meeting.
- (3) The Directors shall in all respects comply with the provisions of Sections 128,129,133,134, 135 and 136 of the Act, and the Statement of Profit and Loss, Balance Sheet and Auditors Report and every other documents required by law to be annexed or attached, as the case may be, to the Balance Sheet shall be sent to every member of the Company at least 21 days before the date of the General Meeting of the Company at which they are to be laid.

BUY BACK OF SHARES

The Company may purchase its own securities in accordance with the provisions contained in Sections 68 to 70 of the Act and the rules made there under in pursuance of the guidelines issued by the Central Government.

AUDIT

The Auditors of the Company shall be appointed as per the Act.

WINDING UP

If the Company shall be wound up and the assets available for distribution among the members as such shall Distribution of assets be insufficient to repay whole of the paid-up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the capital paid-up or which ought to have been paid-up at the commencement of the winding-up on the shares held by them respectively, And if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid-up at the commencement of the winding-up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding-up, paid-up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to the rights of members registered in respect of shares issued upon special terms and conditions.

INDEMNITY

Every Officer, Manager, Director or Agent of the Company, be and is hereby indemnified out of the assets of the Company against any liability incurred by him in discharging his acts *bona fide*.

COMMON SEAL

The Common Seal of the Company shall be affixed to any instrument (if such affixing has been authorised by a resolution of the Board or of a Committee of the Board) in the presence of one Director or the Company Secretary of the Company or such other person duly authorised by the Board, if any, and such Director or the Secretary or the said authorised person shall sign every instrument to which the Common Seal of the Company is so affixed in his presence.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Draft Red Herring Prospectus which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus will be delivered to the ROC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 504, Trividh Chamber, Opp. Fire Brigade Station, Ring Road, Surat – 395002, Gujarat, India from date of filing the Red Herring Prospectus with RoC to Bid Closing Date on working days from 10.00 a.m. to 5.00 p.m.

Material Contracts

1. Issue Agreement dated March 26, 2018 between our Company and the Book Running Lead Manager.
2. Registrar to the Issue Agreement dated March 26, 2018 between our Company and Bigshare Services Private Limited, Registrar to the Issue.
3. Underwriting Agreement dated [●] between our Company and Underwriter viz. Book Running Lead Manager
4. Market Making Agreement dated [●] among our Company, Market Maker and the Book Running Lead Manager.
5. Bankers to the Issue Agreement dated March 26, 2018 amongst our Company, the Book Running Lead Manager, Banker(s) to the Issue and the Registrar to the Issue.
6. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated April 23, 2018
7. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated April 16, 2018
8. Syndicate Agreement dated [●] Book Running Lead Manager among our Company, the Book Running Lead Manager and Syndicate Member viz. Pantomath Stock Brokers Private Limited.

Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time.
2. Resolutions of the Board of Directors dated March 08, 2018 in relation to the Issue and other related matters.
3. Special resolution of the Shareholders' passed at the Extra – Ordinary General meeting dated April 02, 2018 authorizing the Issue.
4. Statement of Tax Benefits dated March 26, 2018 issued by our Peer Reviewed Auditor, M/s. B Chordia & Co., Chartered Accountants.
5. Report of the Peer Reviewed Auditor, M/s. B Chordia & Co, Chartered Accountants, dated March 30, 2018 on the Restated Financial Statements for the period ended December 31, 2017 and Financial Year ended as on March 31, 2017, 2016, 2015, 2014 & 2013 of our Company.
6. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Statutory Auditors, Peer Reviewed Auditors, Banker to the Company, Legal Advisor to the Issue, the Book Running Lead Manager, Registrar to the Issue, Underwriter, Lenders to the Company, Market Maker, Bankers to the Issue, Refund Banker to the Offer and Syndicate Member to the Issue to act in their respective capacities.
7. Copy of In Principle approval from National Stock Exchange of India Limited *vide* letter dated [●], to use the name of National Stock Exchange of India Limited in this Issue document for listing of

Equity Shares on EMERGE Platform of National Stock Exchange of India Limited.

None of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the under signed, hereby 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 / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus are true and correct.

Signed by all the Directors, Chief Financial Officer and Company Secretary and Compliance Officer of our Company

Name and Designation	Signature
<i>Rakesh Somani</i> <i>Managing Director</i>	Sd/-
<i>Rajkumar Somani</i> <i>Non - Executive Director</i>	Sd/-
<i>Sumeet Somani</i> <i>Non - Executive Director</i>	Sd/-
<i>Sandhya Jain</i> <i>Independent Director</i>	Sd/-
<i>Harmil Shah</i> <i>Independent Director</i>	Sd/-
<i>Sonam Pitliya</i> <i>Independent Director</i>	Sd/-

Signed by Chief Financial Officer and Company Secretary and Compliance Officer of the Company

Sd/-

Sd/-

Ritesh Somani

Varsha Maheshwari

Chief Financial Officer

Company Secretary & Compliance Officer

Place: Surat

Date: May 28, 2018

Annexure A

DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED

Sr. No	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1.	South West Pinnacle Exploration Limited	35.85	78.00	February 19, 2018	93.60	3.72% (-2.45%)	0.13% (1.33%)	Not Applicable
2.	Macpower CNC Machines Limited	36.61	140.00	March 22, 2018	149.00	84.54% (4.44%)	Not Applicable	Not Applicable
3.	Benara Bearings and Pistons Limited	33.49	63.00	April 3, 2018	64.00	3.97% (5.41%)	Not Applicable	Not Applicable
4.	Soni Soya Products Limited	4.50	25.00	April 12, 2018	26.00	0.40% (3.33%)	Not Applicable	Not Applicable
5.	Vera Synthetic Limited	5.34	40.00	April 12, 2018	45.00	5.00% (3.33%)	Not Applicable	Not Applicable
6.	S.S. Infrastructure Development Consultants Limited	17.11	40.00	April 12, 2018	42.95	5.75% (3.33%)	Not Applicable	Not Applicable
7.	Mahickra Chemicals Limited	5.25	25.00	April 26, 2018	35.00	93.60% (-0.12%)	Not Applicable	Not Applicable
8.	Akshar Spintex Limited	26.99	40.00	May 11, 2018	40.00	Not Applicable	Not Applicable	Not Applicable
9.	Softtech Engineers Limited	22.81	80.00	May 11, 2018	88.00	Not Applicable	Not Applicable	Not Applicable
10.	Innovator Façade Systems Limited	40.76	72.00	May 24, 2018	72.00	Not Applicable	Not Applicable	Not Applicable

Note:

Affordable Robotic & Automation Limited has registered its Red Herring Prospectus with Registrar of Companies.

Shree Vasu Logistics Limited, Nakoda Group of Industries Limited and Latteys Industries Limited have registered their Prospectus with Registrar of Companies and are in the process of listing.

Sources: All share price data is from www.bseindia.com and www.nseindia.com

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30th/90th/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.

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. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

SUMMARY STATEMENT OF DISCLOSURE

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30th Calendar day from listing date			Nos of IPOs trading at discount on 180th Calendar day from listing date			Nos of IPOs trading at premium on 180th Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
15-16	*9	54.01	-	-	1	3	2	3	-	1	1	4	3	-
16-17	**24\$	204.56	-	-	5	5	3	8	-	1	5	10	1	6
17-18	***30\$\$	610.90	-	-	4	10	7	9	-	1	2	11	2	4
18-19	****8\$\$\$	156.25	-	-	-	1	-	4	-	-	-	-	-	-

*The scripts of Filtra Consultants and Engineers Limited, Ambition Mica Limited, Jiya Eco Products Limited, M.D. Inducto Cast Limited, Majestic Research Services and Solutions Limited, Mangalam Seeds Limited, Sri Krishna Constructions (India) Limited, Patdiam Jewellery Limited and Vidli Restaurants Limited were listed on April 15, 2015, July 14, 2015, July 16, 2015, July 16, 2015, July 16, 2015, August 12, 2015, October 01, 2015, October 16, 2015 and February 15, 2016 respectively.

**The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016, December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

***The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited and Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017, July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017,

August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017, December 29, 2017, February 05, 2018, February 08, 2018, February 09, 2018, February 12, 2018, February 15, 2018, February 16, 2018, February 19, 2018 and March 22, 2018 respectively.

****The scripts of Benara Bearings and Pistons Limited, Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited and Innovator Façade Systems Limited were listed on April 3, 2018, April 12, 2018, April 12, 2018, April 12, 2018, April 26, 2018, May 11, 2018, May 11, 2018 and May 24, 2018 respectively.

\$. As on 30th trading day the closing price of the scripts Ruby Cables Limited and Shashijit Infracore Limited were at par with the issue price. Hence, they are not considered for counting the number of IPOs trading at discount and premium.

\$\$ The scripts of One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited, Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 days, 180 Days and 180 Days respectively from the date of listing.

\$\$\$ The scripts of Benara Bearings and Pistons Limited, Soni Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Akshar Spintex Limited, Softtech Engineers Limited and Innovator Façade Systems Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 30 Days, 30 Days and 30 days respectively from the date of listing.

Note: *Majestic Research Services and Solutions Limited and Ambition Mica Limited are Further Public Offerings lead managed by Pantomath Capital Advisors Private Limited in the Financial Years 2016-17 and 2017-18 respectively and the same have not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.*