



## SIGACHI INDUSTRIES LIMITED

Sigachi Industries Limited ("Company" or "Issuer") was originally incorporated as 'Sigachi Chloro-Chemicals Private Limited' on January 11, 1989 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh. With an intention to diversify our business activities, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated March 10, 2012, the name of our Company was changed to 'Sigachi Industries Private Limited' and a fresh certificate of incorporation dated March 29, 2012 consequent to such name change was issued to our Company by the Registrar of Companies, Andhra Pradesh. Subsequently, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated November 21, 2019 our Company was converted from a private limited company to a public limited company and consequently the name of our Company was changed to 'Sigachi Industries Limited', and a fresh certificate of incorporation dated December 09, 2019 was issued to our Company by the Registrar of Companies, Telangana at Hyderabad. For details of change in the name of our Company and Registered Office of our Company, see "History and Certain Corporate Matters" on page 193 of this Draft Red Herring Prospectus.

**Registered Office:** 229/1 & 90, 4<sup>th</sup> floor, Kalyan's Tulsiram Chambers, Madinaguda, Hyderabad- 500 049, Telangana, India; **Telephone:** +91 040 4011 4874/75/76  
**Contact Person:** Shreya Mitra, Company Secretary and Compliance Officer **E-mail:** [cs@sigachi.com](mailto:cs@sigachi.com); **Website:** [www.sigachi.com](http://www.sigachi.com);  
**Corporate Identity Number:** U24110TG1989PLC009497

### OUR PROMOTERS - RABINDRA PRASAD SINHA, CHIDAMBARNATHAN SHANMUGANATHAN, AMIT RAJ SINHA AND RPS PROJECTS & DEVELOPERS PRIVATE LIMITED

**INITIAL PUBLIC OFFERING OF UPTO 28,41,500 EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SECURITIES PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ [●] LACS ("ISSUE"). THE ISSUE SHALL CONSTITUTE 27% OF THE FULLY DILUTED POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH. THE ISSUE PRICE IS [●] TIMES THE VALUE OF THE EQUITY SHARES. 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 ALL EDITIONS OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND ALL EDITIONS OF [●] (A WIDELY CIRCULATED TELUGU DAILY NEWSPAPER, TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA, WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST TWO (2) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI ICDR REGULATIONS"), AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") ("BSE" AND TOGETHER WITH NSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision in the Price Band, the Bid/ Issue Period shall be extended for at least three (03) additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding a total of ten (10) Working Days. Any revision in the Price Band, and the revised Bid/ Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Members, and by intimation to Self-Certified Syndicate Banks ("SCSBs"), the Sponsor Bank and other Designated Intermediaries, as applicable. In case of force majeure, banking strike or similar circumstances, the Company may for reasons recorded in writing, extend the Bid/ Issue Period by at least three (03) additional working days subject to the total Bid/Issue Period not exceeding ten (10) Working Days.

The Issue is being made in terms of Rule 19(2)(b)(i) of the Securities Contract (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 31 of the SEBI ICDR Regulations, 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 through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than [●]% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs" and such portion the "QIB Portion"), provided that our Company in consultation with the BRLM may allocate up to [●]% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations ("Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, [●]% 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 shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than [●]% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than [●]% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Issue Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank account (including UPI ID in case of RIBs) which will be blocked by the SCSBs, or the bank accounts linked with the UPI ID, as applicable, to participate in the Issue. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, please see the section entitled "Issue Procedure" on page 337.

### RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10/- each. The Floor Price, Cap Price and Issue Price (determined and justified by our Company in consultation with the Book Running Lead Manager, in accordance with the SEBI ICDR Regulations, and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in the section entitled "Basis for Issue Price" on page 140) 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 the 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 in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" on page 26 of this Draft Red Herring Prospectus.

### OUR 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 this Issue, which is material in the context of this 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 offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be BSE. A signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Issue Closing Date, see "Material Contracts and Documents for Inspection" on page 388 of this Draft Red Herring Prospectus.

### BOOK RUNNING LEAD MANAGER

### REGISTRAR TO THE ISSUE

|  |   |
|--|---|
| <br><b>SAFFRON</b><br>..... energising ideas   |    |
| <b>SAFFRON CAPITAL ADVISORS PRIVATE LIMITED</b><br>605, 6 <sup>th</sup> floor, Center Point,<br>Andheri Kurla Road, J. B. Nagar,<br>Andheri (East), Mumbai - 400 059,<br>Maharashtra, India.<br><b>Telephone:</b> +91 22 4082 0901/06<br><b>Facsimile:</b> +91 22 4082 0999<br><b>E-mail:</b> <a href="mailto:ipos@saffronadvisors.com">ipos@saffronadvisors.com</a><br><b>Website:</b> <a href="http://www.saffronadvisors.com">www.saffronadvisors.com</a><br><b>Investor grievance:</b> <a href="mailto:investorgrievance@saffronadvisors.com">investorgrievance@saffronadvisors.com</a><br><b>Contact Person:</b> Abhijit Diwan / Varsha Gandhi<br><b>SEBI Registration Number:</b> INM000011211<br><b>Validity of Registration:</b> Permanent | <b>BIGSHARE SERVICES PRIVATE LIMITED</b><br>1 <sup>st</sup> floor, Bharat Tin Works Building,<br>Opp. Vasant Oasis, Makwana Road,<br>Marol, Andheri (East),<br>Mumbai- 400 059, Maharashtra, India.<br><b>Telephone:</b> +91 22 6263 8200<br><b>Facsimile:</b> +91 22 6263 8299<br><b>E-mail:</b> <a href="mailto:ipo@bigshareonline.com">ipo@bigshareonline.com</a><br><b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a><br><b>Investor grievance:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a><br><b>Contact person:</b> Ashish Bhope<br><b>SEBI Registration No:</b> INR000001385<br><b>Validity of Registration:</b> Permanent |

### BID/ISSUE PROGRAMME

|                        |            |                          |            |
|------------------------|------------|--------------------------|------------|
| <b>ISSUE OPENS ON*</b> | <b>[●]</b> | <b>ISSUE CLOSES ON**</b> | <b>[●]</b> |
|------------------------|------------|--------------------------|------------|

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

\*\* Our Company may, in consultation with the BRLM, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

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## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise specified or indicates, requires or implies, shall have the meaning as provided below. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.*

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. If there is any inconsistency between the definitions given below and the definitions contained in the General Information Document (defined hereinafter), the following definitions shall prevail.*

#### General Terms

| Term  | Description  |
|---|--|
| “Company”, “our Company”, “Sigachi”, “the Company”, “the Issuer” or “SIL” | Sigachi Industries Limited, a company incorporated under the Companies Act, 1956, having its registered office at 229/1 & 90, 4th floor, Kalyan’s Tulsiram Chambers, Madinaguda, Hyderabad- 500 049, Telangana, India. |
| “we”, “us”, or “our”  | Unless the context otherwise indicates or implies, refers to our Company.  |

#### Company Related Terms

| Term   | Description  |
|--|--|
| Articles / Articles of Association / AoA         | The Articles / Articles of Association of our Company, as amended from time to time.   |
| Audit Committee                                  | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ <b>SEBI Listing Regulations</b> ”) and Section 177 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 202 of this Draft Red Herring Prospectus. |
| Auditor / Statutory Auditor/ Peer Review Auditor | Statutory and peer review auditor of our Company, namely, M/s. T Adinarayana & Co., Chartered Accountants.   |
| Board / Board of Directors                       | Board of directors of our Company or a duly constituted committee thereof.   |
| Chairman   | The Chairman of our Board of Directors.  |
| Chairperson                                      | The Chairperson of our Company.  |
| Chief Financial Officer / CFO                    | Subbarami Reddy Oruganti, the Chief Financial Officer of our Company.  |
| Company Secretary and Compliance Officer         | Shreya Mitra, the Company Secretary and the Compliance Officer of our Company.   |
| Corporate Promoter                               | Corporate promoter of our Company, namely, RPS Projects & Developers Private Limited. For further details, please see the section entitled “ <i>Our Promoters and Promoter Group</i> ” on page 222 of this Draft Red Herring Prospectus.   |
| Corporate Social Responsibility Committee        | The committee of the Board of directors constituted as our Company’s corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 202 of this Draft Red Herring Prospectus.   |
| Director(s)                                      | The director(s) on the Board of our Company, unless otherwise specified.   |
| Equity Shares                                    | Equity shares of our Company of face value of ₹ 10 each.   |

| Term  | Description  |
|---|--|
| Executive Directors   | Executive directors of our Company.  |
| Group Companies   | Companies (other than our Subsidiary) with which there have been related party transactions, during the last three financial years, as covered under the applicable accounting standards and other companies as considered material by the Board in accordance with the Materiality Policy. As on date of this Draft Red Herring Prospectus, our Company does not have any group companies.                                      |
| Independent Director(s)   | The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.   |
| Individual Promoters  | Individual promoters of our Company, namely Rabindra Prasad Sinha, Chidambarnathan Shanmuganathan and Amit Raj Sinha. For further details, please see the section entitled “ <i>Our Promoters and Promoter Group</i> ” on page 222 of this Draft Red Herring Prospectus.   |
| IPO Committee   | The committee of our Company constituted pursuant to a resolution passed by our Board on December 10, 2019 and reconstituted on August 26, 2020 to facilitate the process of the Issue, as described in “ <i>Our Management</i> ” on page 202 of this Draft Red Herring Prospectus.  |
| Key Managerial Personnel / KMP  | Key management personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Management – Key Managerial Personnel</i> ” on page 220 of this Draft Red Herring Prospectus.   |
| Managing Director/ MD   | The managing director of our Company.  |
| Materiality Policy  | A policy adopted by our Company, in its Board meeting held on August 26, 2020, for identification of group companies, material creditors and material litigations.   |
| Memorandum of Association / MoA   | Memorandum of Association of our Company, as amended from time to time.  |
| Nomination and Remuneration Committee   | The committee of the Board of directors reconstituted as our Company’s nomination and remuneration committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 202 of this Draft Red Herring Prospectus.   |
| Non-executive Directors   | Non-executive Directors of our Company.  |
| Promoter Group  | The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. For details, see “ <i>Our Promoter and Promoter Group</i> ” on page 222 of this Draft Red Herring Prospectus.  |
| Promoters   | The Corporate and Individual Promoters.  |
| Registered Office   | The registered office of our Company situated at 229/1 & 90, 4th floor, Kalyan’s Tulsiram Chambers, Madinaguda, Hyderabad- 500 049, Telangana, India.  |
| Registrar of Companies/ RoC   | Registrar of Companies, Telangana at Hyderabad.  |
| Restated Financial Statements / Restated Financial Information/ Restated Consolidated Financial Information | Restated consolidated financial statements of our Company and its Subsidiary for the Fiscals 2020, 2019 and 2018 prepared in accordance with Ind AS and examined by the Auditor in accordance with the requirements of the Companies Act and restated in accordance with the provisions of the SEBI ICDR Regulations.<br><br>For details, see “ <i>Financial Information</i> ” on page 232 of this Draft Red Herring Prospectus. |
| Shareholders  | Shareholders of our Company, from time to time.  |
| Stakeholders’ Relationship Committee  | The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 202 of this Draft Red Herring Prospectus.   |
| Subsidiary/ Wholly Owned Subsidiary   | The wholly-owned subsidiary of our Company, namely, Sigachi U.S. Inc.  |

#### Issue Related Terms

| Term            | Description   |
|-----------------|---|
| Acknowledgement | The slip or document issued by the Designated Intermediary (ies) to a Bidder as |

| <b>Term</b>  | <b>Description</b>  |
|--|---|
| Slip   | proof of registration of the Bid Cum Application Form.  |
| Allot/Allotment/Allotted   | Unless the context otherwise requires, the issue and allotment of the Equity Shares pursuant to the Issue to the successful Bidders.  |
| Allotment Advice   | Note or advice or intimation of Allotment sent to the each successful Bidder who have been or are to be Allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.   |
| Allottee   | A successful Bidder to whom the Equity Shares are Allotted.   |
| Anchor Investor Allocation Price                                 | The price at which Equity Shares will be allocated to the Anchor Investor in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the BRLM in the Anchor Investor Bid/ Issue Period.   |
| 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 Red Herring Prospectus and the Prospectus.  |
| Anchor Investor Bid/ Issue period / Anchor Investor Bidding Date | The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the BRLM will not accept any bids from Anchor Investors, and allocation to Anchor Investors shall be completed.  |
| Anchor Investor Issue Price                                      | The final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price, but not higher than the Cap Price.<br><br>The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLM.   |
| Anchor Investor Pay-in Date                                      | With respect to Anchor Investor(s), 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  | Up to [●]% of the QIB Portion, consisting of upto [●] Equity Shares, which may be allocated by our Company in consultation with the BRLM, to Anchor Investors, on a discretionary basis, in accordance with the SEBI ICDR Regulations.<br><br>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. |
| Anchor Investor(s)   | A Qualified Institutional Buyer, applying under the Anchor Investor portion for a minimum Bid of at least ₹ 1,000 lacs, in accordance with the SEBI ICDR Regulations.   |
| Application Supported by Blocked Amount/ASBA                     | An application, whether physical or electronic, used by a Bidder, other than Anchor Investors, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA account and will include amounts blocked by SCSB upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.  |
| ASBA Account   | A bank account maintained with an SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder.  |
| ASBA Bid   | A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.  |
| ASBA Bidders   | All Bidders except Anchor Investors who make a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form.  |
| ASBA Form  | An application form (with and without the use of UPI, as may be applicable), whether physical or electronic, used by the ASBA Bidders and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.   |
| Banker(s) to the Issue   | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Public Issue Account will be opened, in this case being [●].   |
| Basis of Allotment   | Basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in “ <i>Issue Procedure</i> ” on page 337 of this Draft Red Herring Prospectus.  |
| Bid Amount   | The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account, as the case may be, upon  |

| Term                            | Description   |
|---------------------------------|---|
|                                 | submission of the Bid in the Issue.   |
| Bid Application Form            | The Anchor Investor Application Form or the ASBA Form including through UPI mode (as applicable), as the context requires.  |
| Bid Lot                         | [●] Equity Shares and in multiple of [●] Equity Shares, thereafter.   |
| Bid(s) /Bidding                 | An indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid / Issue Period by the Anchor Investors, pursuant to submission of Anchor Investor Application Form including through UPI mode (as may be applicable), to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and Bid cum Application form.  |
|                                 | The term “Bidding” shall be construed accordingly.  |
| Bid/ Issue Closing Date         | Except in relation to the Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●] which shall be published in English national daily newspaper [●], Hindi national daily newspaper [●] and Telugu regional daily newspaper, Telugu being the regional language of Telangana, where our Registered Office is located, each with wide circulation. In case of any extension, the extended Bid/Issue Closing Date shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLM and at the terminals of the Syndicate Member, as required under the SEBI ICDR Regulations and also intimate to SCSBs, the Sponsor Bank, and Registered Brokers, RTA and CDPs. |
|                                 | Our Company, in consultation with the BRLM, may consider closing the Bid/ Issue Period for QIBs one (01) Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations.   |
| Bid/ Issue Opening Date         | Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting ASBA Bids for the Issue being [●].   |
| Bid/ Issue Period               | Except in relation to Anchor Investors, the period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which the Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations.  |
|                                 | Our Company, in consultation with the BRLM, may consider closing the Bid/ Issue Period for QIBs one (01) Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations.   |
| Bidder/Applicant                | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied includes an ASBA Bidder and an Anchor Investor.  |
| Bidding Centers                 | The centers at which the Designated Intermediaries shall accept the Bid cum Application Forms i.e. Designated Branches for SCSBs, Specified Locations for Members of the Syndicate, Broker Centers for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.   |
| Book Building Process           | The book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made.  |
| Book Running Lead Manager/ BRLM | The book running lead manager to the Issue, being Saffron Capital Advisors Private Limited.   |
| Broker Centers                  | Broker centers notified by the Stock Exchanges, where Bidders can submit the ASBA Forms to a Registered Broker.   |
|                                 | The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ) and are updated from time to time.   |

| <b>Term</b>                                  | <b>Description</b>   |
|--|--|
| CAN /Confirmation of Allocation Note         | A notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/ Issue Period.  |
| Cap Price                                    | The higher end of the Price Band, subject to any revisions thereto, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted.  |
| Client ID                                    | Client identification number maintained with one of the Depositories in relation to demat account.   |
| Collecting Depository Participant(s)/ CDP(s) | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) and NSE ( <a href="http://www.nseindia.com">www.nseindia.com</a> ).  |
| Controlling Branches                         | Such branches of SCSBs which coordinate Bids under the Issue with the BRLM, the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a> .  |
| Cut-off Price                                | The Issue Price, finalised by our Company in consultation with the BRLM, which shall be any price within the Price Band.<br><br>Only Retail Individual Bidders (subject to the Bid Amount being up to ₹ 200,000) are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.   |
| Demographic Details                          | Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation, bank account details and UPI ID wherever applicable.  |
| Designated CDP Locations                     | Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms.<br><br>The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges. ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ).   |
| Designated Date                              | The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account to the Public Issue Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account or the Refund Account, as the case may be, after the Prospectus is filed with the RoC. |
| Designated Intermediary(ies)                 | The Members of the Syndicate, sub-syndicate or agents, SCSBs (other than RIBs using the UPI mechanism), Registered Brokers, CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Issue.   |
| Designated RTA Locations                     | Such locations of the RTAs where Bidders, except Anchor Investors can submit the ASBA Forms to RTAs.<br><br>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> ), as updated from time to time.                          |
| Designated SCSB Branches                     | Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmid=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmid=35</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.  |
| Designated Stock Exchange                    | BSE Limited  |
| Draft Red Herring Prospectus/DRHP            | This Draft Red Herring Prospectus dated September 27, 2020 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars, including the price at which the Equity Shares will be allotted and the size of the Issue, including any addenda or corrigenda thereto.   |
| DP ID  | Depository Participant's identity number   |



| <b>Term</b>                       | <b>Description</b>   |
|-----------------------------------|--|
| Eligible NRI(s)                   | NRI eligible to invest under Schedule 3 and Schedule 4 of the FEMA Regulations, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.  |
| Equity Listing Agreements         | The listing agreements to be entered into by our Company with the Stock Exchanges in relation to our Equity Shares.  |
| Escrow Account(s)                 | The ‘no-lien’ and ‘no-interest bearing’ account(s) opened for the Issue with the Escrow Collection Bank and in whose favour the Bidders (excluding ASBA Bidders) may issue or transfer money through direct credit/NACH/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.  |
| Escrow Agent                      | [●]  |
| Escrow Agreement                  | The agreement to be entered into by our Company, the Registrar to the Issue, the BRLM, the Escrow Collection Bank(s), the Sponsor Bank and the Refund Bank(s) for, inter alia, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof  |
| Escrow Collection Bank            | Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●].   |
| First Bidder/Sole Bidder          | The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of a joint Bid and whose name shall also appear as the first holder of the beneficiary account held in joint names or any revisions thereof.  |
| Floor Price                       | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted.  |
| General Information Document/ GID | The General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, and the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, the circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2019/121 dated November 8, 2019 and circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 notified by SEBI. |
| Issue Agreement                   | The agreement dated September 18, 2020 between our Company and the BRLM, pursuant to which certain arrangements are agreed to in relation to the Issue.  |
| Issue Price                       | The final price within the Price Band at which the Equity Shares will be Allotted to successful Bidders (other than Anchor Investor) in terms of the Red Herring Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the Book Running Lead Manager on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus.  |
| Issue Proceeds                    | The proceeds of the Issue which shall be available to our Company. For further information about use of the Issue Proceeds, see “ <i>Objects of the Issue</i> ” on page 97 of this Draft Red Herring Prospectus.   |
| Issue/Issue Size                  | Initial Public Offering of up to 28,41,500 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] each, aggregating up to ₹ [●] lacs.  |
| Maximum RIB Allottees             | The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids received at or above the Issue Price.   |
| Mutual Fund                       | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.   |
| Mutual Fund Portion               | [●]% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a  |

| Term                              | Description  |
|-----------------------------------|--|
|                                   | proportionate basis, subject to valid Bids being received at or above the Issue Price.   |
| Net Proceeds                      | Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see " <i>Objects of the Issue</i> " on page 97 of this Draft Red Herring Prospectus.   |
| Net QIB Portion                   | The QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.   |
| Non-Institutional Bidders or NIIs | All Bidders including category III FPI's that are not QIBs (including Anchor Investor) or Retail Individual Bidders, bidding in the QIB Portion or Retail Portion, if any respectively and who have Bid for the Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).   |
| Non-Institutional Portion         | The portion of the Issue being not less than [●]% of the Issue consisting of [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders on a proportionate basis, subject to valid Bids being received at or above the Issue Price.  |
| Non-Resident Indian/NRI           | A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000.  |
| Non-Resident/ NR                  | A person resident outside India, as defined under FEMA and includes a non-resident Indian, FPIs and FVCIs.   |
| Pre-Issue Advertisement           | The pre-Issue advertisement to be published by our Company under Regulation 43 of the SEBI ICDR Regulations and Section 30 of the Companies Act, 2013 after filing of the Red Herring Prospectus with the RoC, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Telugu newspaper, Telugu being the regional language of Telangana where our Registered Office is located), each with wide circulation, respectively.   |
| Price Band                        | Price Band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price), including any revisions thereof.<br><br>The Price Band and minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLM and will be advertised, at least two (2) Working Days prior to the Bid/Issue Opening Date, in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Telugu newspaper, Telugu being the regional language of Telangana where our Registered Office is located), along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. |
| Pricing Date                      | The date on which our Company in consultation with BRLM will finalise the Issue Price.   |
| Promoters' Contribution           | In terms of Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the post-Issue Equity Share capital of our Company held by our Promoters which shall be considered as Promoters' contribution and locked in for a period of three years from the date of allotment.   |
| 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, <i>inter alia</i> , the Issue Price that is determined through the Book Building Process, the size of the Issue and certain other information, including any addenda or corrigenda thereto.  |
| Public Issue Account              | The 'no-lien' and 'no-interest bearing' account to be opened under Section 40(3) of the Companies Act, 2013, with the Public Issue Account Bank to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date.   |
| Public Issue Account Bank         | A bank which is a clearing member and registered with SEBI as a banker to an issue and with which the Public Issue Account for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts will be opened, in this case being [●].  |
| QIB Bid Closing Date              | In the event our Company, in consultation with the BRLM, decide to close Bidding by QIBs one day prior to the Bid Closing Date, the date which is one day prior to the Bid Closing Date; otherwise it shall be the same as the Bid Closing Date.   |
| QIB Portion/QIB                   | The portion of the Issue (including the Anchor Investor Portion), being not more   |

| Term  | Description   |
|---|---|
| category  | than [●]% of the Issue or [●] Equity Shares which shall be available for allocation to QIBs including the Anchor Investors, subject to valid Bids being received at or above the Issue Price.   |
| Qualified Institutional Buyers/ QIBs                                      | Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.   |
| Red Herring Prospectus/ RHP   | <p>The Red Herring Prospectus to be issued in accordance with section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Issue, and includes any addenda and corrigenda thereto.</p> <p>The Red Herring Prospectus will be filed with the RoC at least three (03) Working Days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date.</p>  |
| Refund Account(s)   | The 'no-lien' and 'no-interest bearing' account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to Anchor Investors shall be made.  |
| Refund Bank(s)  | The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●].  |
| Refunds through electronic transfer of funds                              | Refunds through NACH, Direct Credit, RTGS or NEFT, as applicable.   |
| Registered Brokers  | Stock brokers registered with SEBI under the Securities and Exchange Board of India (Stock Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate and having terminals at any of the Broker Centres and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 04, 2012 issued by SEBI.   |
| Registrar Agreement   | The registrar agreement dated September 25, 2020 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.  |
| Registrar and Share Transfer Agents/ RTAs                                 | The registrar and the share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE.  |
| Registrar to the Issue / Registrar  | Bigshare Services Private Limited   |
| Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s) | Resident Individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta) and Eligible NRIs.   |
| Retail Portion  | The portion of the Issue being not less than [●]% of the Issue comprising of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Issue Price), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis.  |
| Revision Form   | The form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can withdraw or revise their Bids until Bid/Issue Closing Date   |
| Self-Certified Syndicate Banks or SCSBs                                   | <p>The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a>, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at</p> |

| Term   | Description  |
|--|--|
|  | <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time   |
| Specified Locations                                    | Bidding Centres where the Syndicate shall accept ASBA Forms from the Bidders, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time.   |
| Sponsor Bank   | [●], being a Banker to the Issue registered with SEBI, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs using the UPI.  |
| Stock Exchanges  | BSE Limited and National Stock Exchange of India Limited.  |
| Syndicate Agreement                                    | The agreement dated [●], entered into between the BRLM, the Syndicate Members, our Company and Registrar to the Issue in relation to the collection of the ASBA Forms by the Syndicate Members.  |
| Syndicate Members                                      | Intermediaries registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Issue, and to carry out activities as an underwriter, in this case, [●].   |
| Syndicate/ Members of the Syndicate                    | The BRLM and the Syndicate Members.  |
| Systemically Important Non-Banking Financial Companies | Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.   |
| TRS/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.   |
| Underwriters   | Saffron Capital Advisors Private Limited   |
| Underwriting Agreements                                | The agreement dated [●] entered into among the Underwriters and our Company on or after the Pricing Date but prior to the filing of the Prospectus with the RoC.   |
| UPI  | Unified Payment Interface.   |
| Unified Payment Interface or UPI                       | Unified Payment Interface is an instant payment system developed by National Payments Corporation of India, which enables merging several banking features, seamless fund routing and merchant payments into one hood. It allows instant transfer of money between any two persons' bank accounts using a payment address which uniquely identifies a persons' bank account.   |
| UPI Circulars  | SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI or any other governmental authority in this regard. |
| UPI Mandate Request                                    | A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.   |
| UPI Mechanism  | Process for applications by RIBs submitted with intermediaries with UPI as mode of payment, in terms of the UPI Circulars.   |
| UPI ID   | ID created on UPI for single-window mobile payment system developed by the NPCI.   |
| UPI PIN  | Password to authenticate UPI transaction.  |
| Wilful Defaulter                                       | A Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.  |
| Working Day  | All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding   |

| <b>Term</b> | <b>Description</b>   |
|-------------|--|
|             | Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges. “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018. |

### **Conventional and General Terms and Abbreviations**

| <b>Term</b>             | <b>Description</b>  |
|-------------------------|---|
| AGM                     | Annual General Meeting  |
| AIF(s)                  | Alternative Investment Funds  |
| AS                      | Accounting Standards issued by the Institute of Chartered Accountants of India  |
| BSE                     | BSE Limited   |
| CAGR                    | Compounded Annual Growth Rate.  |
| Category I AIF          | AIFs which are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations.  |
| Category II AIF         | AIFs which are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations.   |
| Category III AIF        | AIFs which are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulation.   |
| Category I FPI(s)       | FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations.   |
| Category II FPI(s)      | FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations   |
| Category III FPIs       | FPIs who are registered as Category III FPIs under the SEBI FPI Regulations, and shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices. |
| CDSL                    | Central Depository Services (India) Limited.  |
| CFO                     | Chief Financial Officer   |
| CIN                     | Corporate Identification Number   |
| CIT                     | Commissioner of Income Tax  |
| CLRA                    | Contract Labour (Regulation and Abolition) Act, 1970.   |
| Companies Act           | Companies Act, 1956 and / or the Companies Act, 2013 as applicable.   |
| Companies Act 1956      | Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).   |
| Companies Act 2013      | Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder.   |
| Consolidated FDI Policy | The consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time.   |
| CRAR                    | Capital to Risk Asset Ratio   |
| CSR                     | Corporate social responsibility   |
| Depository(ies)         | NSDL and CDSL, both being depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.   |
| Depositories Act        | The Depositories Act, 1996  |
| DIN                     | Director Identification Number  |
| DIPP                    | Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI   |
| DP ID                   | Depository Participant’s Identity Number  |
| DPIIT                   | Department for Promotion of Industry and Internal Trade, Ministry of Term Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)   |

| <b>Term</b>                      | <b>Description</b>   |
|----------------------------------|--|
| EBITDA                           | Earnings Before Interest, Tax, Depreciation and Amortization   |
| EGM                              | Extraordinary General Meeting  |
| EPF Act                          | Employees' Provident Fund and Miscellaneous Provisions Act, 1952   |
| EPS                              | Earnings per share   |
| ESI Act                          | Employees' State Insurance Act, 1948   |
| FCNR Account                     | Foreign Currency Non Resident (Bank) account established in accordance with the FEMA   |
| FDI                              | Foreign direct investment  |
| FEMA                             | The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder   |
| FEMA Regulations                 | The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 duly amended  |
| Financial Year/Fiscal            | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year   |
| FPIs                             | A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration 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 Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| FVCI                             | Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI   |
| GAAR                             | General Anti-Avoidance Rules   |
| GDP                              | Gross Domestic Product   |
| GoI / Government                 | The Government of India  |
| GST                              | Goods and services tax   |
| HUF(s)                           | Hindu Undivided Family(ies)  |
| ICAI                             | Institute of Chartered Accountants of India  |
| IFRS                             | International Financial Reporting Standards  |
| IFSC                             | Indian Financial System Code   |
| Income Tax Act / IT Act          | Income Tax Act, 1961   |
| Ind AS                           | The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended  |
| Ind AS Rules                     | Companies (Indian Accounting Standards) Rules, 2015, as amended  |
| India                            | Republic of India  |
| Indian GAAP                      | Generally Accepted Accounting Principles in India  |
| INR or ₹ or Rs. Or Indian Rupees | Indian Rupee, the official currency of the Republic of India.  |
| IPO                              | Initial public offering  |
| IRDAI                            | Statutory body constituted under the Insurance Regulatory and Development Authority Act, 1999  |
| IRR                              | Internal rate of return  |
| IST                              | Indian Standard Time   |
| Insolvency Code                  | Insolvency and Bankruptcy Code, 2016   |
| ISIN                             | International Securities Identification Number   |
| IT                               | Information Technology   |
| Lacs                             | Lakhs  |
| LIBOR                            | London Inter-Bank Offer Rate   |
| MCA                              | The Ministry of Corporate Affairs, GoI   |
| Mn / mn                          | Million  |
| Mutual Funds                     | Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996  |
| N.A. or NA                       | Not Applicable   |
| NACH                             | National Automated Clearing House, a consolidated system of ECS.   |
| NAV                              | Net Asset Value  |
| NECS                             | National Electronic Clearing Services  |
| NEFT                             | National Electronic Fund Transfer  |

| <b>Term</b>                     | <b>Description</b>   |
|---------------------------------|--|
| NRO                             | Non-resident ordinary account  |
| NSDL                            | National Securities Depository Limited   |
| NSE                             | National Stock Exchange of India Limited   |
| OCB                             | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue. |
| p.a.                            | Per annum  |
| P/E Ratio                       | Price/Earnings Ratio   |
| PAN                             | Permanent account number   |
| PAT                             | Profit after tax   |
| PIO                             | Person of India Origin   |
| Payment of Bonus Act            | Payment of Bonus Act, 1965   |
| Payment of Gratuity Act         | Payment of Gratuity Act, 1972  |
| RBI                             | The Reserve Bank of India  |
| RBI Act                         | Reserve Bank of India Act, 1934  |
| Regulation S                    | Regulation S under the Securities Act  |
| RTI                             | Right to Information, in terms of the Right to Information Act, 2005   |
| Rule 14A                        | Rule 144A under the Securities Act   |
| ₹/Rs./ Rupees/ Indian Rupees    | The lawful currency of India   |
| SCRA                            | Securities Contract (Regulation) Act, 1956   |
| SCRR                            | The Securities Contracts (Regulation) Rules, 1957  |
| SEBI                            | The Securities and Exchange Board of India constituted under the SEBI Act  |
| SEBI Act                        | The Securities and Exchange Board of India Act, 1992   |
| SEBI AIF Regulations            | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012   |
| SEBI Depository Regulations     | Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996   |
| SEBI ICDR Regulations           | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018  |
| 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 Ind AS Transition Circular | SEBI Circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016   |
| SEBI Listing Regulations        | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015   |
| SEBI Takeover Regulations       | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011   |
| Securities Act                  | The United States Securities Act of 1933.  |
| STT                             | Securities Transaction Tax   |
| State Government                | The government of a state in India   |
| Trademarks Act                  | Trademarks Act, 1999   |
| TDS                             | Tax deducted at source   |
| US\$/ USD/ US Dollar            | United States Dollar, the official currency of the United States of America  |
| USA/ U.S./ US                   | United States of America, its territories and possessions, any state of the United States of America and the District of Columbia  |
| U.S. GAAP                       | Generally Accepted Accounting Principles in the United States of America   |
| VAT                             | Value Added Tax  |
| VCFs                            | Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996   |

| <b>Term</b>        | <b>Description</b>   |
|--------------------|--|
|                    | or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be |
| w.e.f.             | With effect from   |
| Year/Calendar Year | Unless context otherwise requires, shall refer to the twelve month period ending December 31                       |

#### **Industry Related Terms**

| <b>Term</b>  | <b>Description</b>  |
|--------------|---|
| CARE         | CARE Advisory Research and Training Limited                               |
| CII          | Confederation of Indian Industry  |
| COVID-19     | Coronavirus disease 2019  |
| F&B          | Food and Beverage   |
| FG           | Food & Grocery  |
| FRP          | Real Estate and Professional services                                     |
| GDP          | Gross Domestic Product  |
| GVA          | Gross value added   |
| IFPMA        | International Federation of Pharmaceutical Manufacturers and associations |
| IIP          | Index of Industrial Production  |
| IMF          | The International Monetary Fund   |
| IPI          | The Indian Pharmaceutical Industry  |
| MCC          | Microcrystalline Cellulose  |
| OPEC         | Organisation of the Petroleum Exporting Countries                         |
| R&D Division | Research and Development division   |
| THTCB        | Trade, Hotels, Transport and Communication services                       |
| USD          | United States Dollar  |

Notwithstanding the foregoing, terms in “*Description of Equity Shares and Terms of Articles of Association*”, “*Statement of Tax Benefits*”, “*Industry Overview*”, “*Key Industrial Regulations and Policies*”, “*Financial Information*”, “*Outstanding Litigation and Material Developments*” and “*Issue Procedure*” on pages 357, 142, 145, 181, 232, 302 and 337 respectively of this Draft Red Herring Prospectus, will have the meaning ascribed to such terms in these respective sections.



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

### **Certain Conventions**

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

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

### **Financial Data**

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Red Herring Prospectus has been derived from our Restated Consolidated Financial Information. For further information, please see the section titled “*Financial Information*” on page 232 of this Draft Red Herring Prospectus.

Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The Restated Financial Statements of our Company and its Subsidiary for the Financial Years ended March 2020, 2019 and 2018 which comprise restated consolidated summary statement of assets and liabilities, the restated consolidated summary statement of profit and loss, the restated consolidated summary statement of cash flow and restated consolidated summary statement of changes in equity together with the annexures and notes thereto and the examination report thereon, as compiled from the Indian Accounting Standard (Ind AS) financial statements for respective period/year and in accordance with the requirements provided under the provisions of the Companies Act, SEBI ICDR Regulations and the Guidance Note on “*Reports in Company Prospectuses (Revised 2019)*” issued by ICAI.

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

Unless the context otherwise indicates, any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” on pages 26, 159 and 284 respectively, of this Draft Red Herring Prospectus, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Consolidated Financial Statements of our Company, prepared in accordance with Ind AS, and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

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 figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places including percentage figures in “*Risk Factors*”, “*Industry Overview*” and “*Our Business*” on pages 26, 145 and 159 respectively, this Draft Red Herring Prospectus.

## Currency and Units of Presentation

All references to:

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

Our Company has presented all numerical information in is Draft Red Herring Prospectus in “lacs” units or in whole numbers where the numbers have been too small to represent in lacs. One lac represents 1,00,000 and one million represents 10,00,000.

## Exchange rates

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| Currency | Exchange rate as on |                |                 |                  |
|----------|---------------------|----------------|-----------------|------------------|
|          | June 30, 2020       | March 31, 2020 | March 31, 2019* | March 31, 2018** |
| 1 USD    | 75.53               | 75.38          | 69.17           | 65.04            |
| 1 Euro   | 84.67               | 83.04          | 77.70           | 80.62            |

(Source: RBI reference rate)

\*Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Saturday and Sunday, respectively.

\*\*Exchange rate as on March 28, 2018, as RBI reference rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a Saturday and public holidays, respectively.

(Source: [www.rbi.org.in](http://www.rbi.org.in) and [www.fbil.org.in](http://www.fbil.org.in))

## Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the BRLM or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “Risk Factors” on page 26, this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

Certain information in “Industry Overview” and “Our Business” on pages 145 and 159, respectively of this Draft Red Herring Prospectus has been obtained, derived or extracted from the industry report titled “Research Report on Microcrystalline Cellulose Industry” prepared by CARE in the month of August 2020 which has issued the following disclaimer:

*“This report is prepared by CARE Advisory. CARE Advisory has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Advisory*

*operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument.*

*CARE Advisory is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of information contained in this report and especially states that CARE (including all divisions) has no financial liability whatsoever to the user of this product. This report is for the information of the intended recipients only and no part of this report may be published or reproduced in any form or manner without prior written permission of CARE Advisory.*

In accordance with the SEBI ICDR Regulations, “Basis for Issue Price” on page 140 of this Draft Red Herring Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLM has independently verified such information.

The extent to which the market and industry data used 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 the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD - LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. These forward-looking statements, whether made by us or a third party, are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to and including, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

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

- A downturn in the utility of our products to the industries we cater to;
- A reduction in the demand of our products and/or competing products gaining wider market acceptance;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- An adverse change in the regulations governing our products and the products of our customers;
- A decrease in the demand for the products of our customers in pharmaceutical industry;
- Any adverse development that may affect the operations of our manufacturing units;
- Any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Our ability to maintain and enhance our brand image;
- Our ability to successfully execute our expansion strategy in a timely manner or at all;
- Changes in political and social conditions in India or in countries that we may enter, 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;
- Our reliance on third party suppliers for our products;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Promoters, promoter group and Group Companies and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;

- Termination of customer/works contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 26, 159 and 284, 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 gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Promoters, the Syndicate 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 the SEBI ICDR Regulations, our Company, the Promoters and the Book Running Lead Managers will ensure that the Bidders in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for the Issue.

## OFFER DOCUMENT SUMMARY

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections entitled “*Risk Factors*”, “*Industry Overview*”, “*Outstanding Litigation and Material Developments*”, “*Our Promoters and Promoter Group*”, “*Financial Statements*”, “*Objects of the Issue*”, “*Our Business*”, “*Issue Procedure*” and “*Description of Equity Shares and Terms of Articles of Association*” on pages 26, 145, 302, 222, 232, 97, 159, 337 and 357, respectively.

### 1. Summary of Industry

The MCC market is projected to grow from USD 938 million in 2019 to USD 1,315 million by 2024, at a CAGR of 7.0%, between 2019 and 2024. The growth of the MCC market is triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products. Sigachi is a Manufacturer, Exporter and Supplier of Micro Crystalline Cellulose, Filter Aid Cellulose, etc. Our Company manufactures high-quality cellulose-based excipients predominantly for the pharmaceutical, supplement and food industries. Sigachi Industries Limited is one of the leading manufacturers of MCC in India.

For further details, please refer to the chapter titled “*Industry Overview*” on page 145 of this Draft Red Herring Prospectus.

### 2. Summary of Business

We are engaged in manufacturing of Microcrystalline Cellulose (“**MCC**”) which is widely used as an excipient for finished dosages in the pharmaceutical industry and has varied applications in the food, nutraceuticals and the cosmetic industries. We carry out our operations from three manufacturing units situated at Hyderabad, Jhagadia and Dahej (Gujarat). We have also entered into operations and management agreements with Gujarat Alkalies and Chemicals Limited (“**GACL**”) for operating and managing the manufacturing units owned by GACL and for contract manufacturing of sodium chlorate, stable bleaching powder and poly aluminum chloride in the said units.

For further details, please refer to chapter titled “*Our Business*” and the heading “*Material Agreements - History and Certain Corporate Matters*” on pages 159 and 197 of this Draft Red Herring Prospectus.

### 3. Promoters

Rabindra Prasad Sinha, Chidambarnathan Shanmuganathan, Amit Raj Sinha and RPS Projects & Developers Private Limited are the Promoters of our Company. For further details please see chapter titled “*Our Promoters and Promoter Group*” beginning on page 222 of this Draft Red Herring Prospectus.

### 4. Issue

Initial Public Offer is of upto 28,41,500 Equity Shares of face value of ₹ 10 each of the Company for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating upto ₹ [●] lacs. For further details, please see chapter titled “*The Issue*” beginning on page 63 of this Draft Red Herring Prospectus.

### 5. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

(₹ in lacs)

| Sr. No. | Particulars | Estimated amount |
|---------|-------------|------------------|
|---------|-------------|------------------|

| Sr. No. | Particulars   | Estimated amount |
|---------|---|------------------|
| 1.      | Expansion of production facilities for microcrystalline cellulose (MCC) at Dahej    | 2,257.25         |
| 2.      | Expansion of production facilities for microcrystalline cellulose (MCC) at Jhagadia | 2,477.99         |
| 3.      | General corporate purposes <sup>(1)</sup>   | [•]              |

<sup>(1)</sup>To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

For further details, please see chapter titled “Objects of the Issue” beginning on page 97 of this Draft Red Herring Prospectus.

## 6. Shareholding of Promoters and Promoter Group

Following are the details of the pre-Issue shareholding of Promoters and Promoter Group:

| Sr. No.        | Name of the Shareholders                    | Pre-Issue               |                                     |
|----------------|---|-------------------------|-------------------------------------|
|                |   | Number of Equity Shares | % of Pre-Issue Equity Share Capital |
| Promoters      |   |                         |                                     |
| 1.             | RPS Projects and Developers Private Limited | 25,10,575               | 32.68                               |
| 2.             | Chidambarnathan Shanmuganathan              | 6,46,945                | 8.42                                |
| 3.             | Rabindra Prasad Sinha                       | 5,07,280                | 6.60                                |
| 4.             | Amit Raj Sinha                              | 4,31,770                | 5.62                                |
| Promoter Group |   |                         |                                     |
| 5.             | Chidambaranathan Dharani Devi               | 2,47,875                | 3.23                                |
| 6.             | Nitin Raj Sinha                             | 2,12,475                | 2.76                                |
| 7.             | RPS Family Trust                            | 1,53,320                | 1.99                                |
| 8.             | Smita Sinha                                 | 1,01,875                | 1.32                                |
| 9.             | Amit Raj Sinha Family Trust                 | 98,750                  | 1.28                                |
| 10.            | Sudha Sinha                                 | 28,480                  | 0.37                                |
| 11.            | Bimla Sharma                                | 15,375                  | 0.20                                |
| 12.            | Ganesh Shanmugam                            | 5,625                   | 0.07                                |
| 13.            | C. Karthika                                 | 5,625                   | 0.07                                |
| Total          |   | 56,12,915               | 64.64                               |

For further details, please see chapter titled “Capital Structure” on page 81 of this Draft Red Herring Prospectus.

## 7. Summary of Restated Consolidated Financial Information

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2020, 2019 and 2018:

| (₹ in lacs) |  |                |                |                |
|-------------|--|----------------|----------------|----------------|
| S. No.      | Particulars  | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| 1.          | Share Capital  | 768.25         | 307.30         | 307.30         |
| 2.          | Net Worth  | 6,458.52       | 4,488.27       | 2,634.13       |
| 3.          | Revenue from operations                              | 13,906.26      | 12,898.81      | 10,073.00      |
| 4.          | Profit after Tax                                     | 2,031.55       | 1,901.27       | 692.24         |
| 5.          | Earnings per Share <sup>^</sup>                      | 26.44          | 24.75          | 9.01           |
| 6.          | Net Asset Value per equity share <sup>^</sup>        | 84.06          | 58.42          | 34.29          |
| 7.          | Total borrowings<br>(Long term + current maturities) | 3,037.94       | 2,519.11       | 3,040.91       |

<sup>^</sup>as restated, divided by number of equity shares outstanding at the end of the year after giving retrospective effect of bonus issue of Equity Shares on November 21, 2019

For further details, please refer the section titled “Financial Information” on page 232 of this Draft Red Herring Prospectus.

## 8. Auditor qualifications which have not been given effect to in the Restated Financial Information

The Restated Financial Information does not contain any qualification requiring adjustments by the Auditors.

## 9. Summary of Outstanding Litigation

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoters and our Directors is provided below:

### a) Litigations involving our Company

#### i) Cases filed against our Company:

| Nature of Litigation                    | Number of matters outstanding | Amount involved* (₹ in lacs) |
|---|-------------------------------|------------------------------|
| Criminal matters                        | Nil                           | Nil                          |
| Direct Tax matters                      | Nil                           | Nil                          |
| Indirect Tax matters                    | 01                            | 559.21                       |
| Actions taken by regulatory authorities | Nil                           | Nil                          |
| Material civil litigations              | Nil                           | Nil                          |

\*To the extent quantifiable

#### ii) Cases filed by our Company:

| Nature of Litigation                    | Number of matters outstanding | Amount involved (₹ in lacs) |
|---|-------------------------------|-----------------------------|
| Criminal matters                        | Nil                           | Nil                         |
| Direct Tax matters                      | Nil                           | Nil                         |
| Indirect Tax matters                    | Nil                           | Nil                         |
| Actions taken by regulatory authorities | Nil                           | Nil                         |
| Material civil litigations              | Nil                           | Nil                         |

### b) Litigations against our Promoters

| Nature of Litigation                    | Number of matters outstanding | Amount involved (₹ in lacs) |
|---|-------------------------------|-----------------------------|
| Criminal matters                        | Nil                           | Nil                         |
| Direct Tax matters                      | Nil                           | Nil                         |
| Indirect Tax matters                    | Nil                           | Nil                         |
| Actions taken by regulatory authorities | Nil                           | Nil                         |
| Material civil litigations              | Nil                           | Nil                         |

### c) Litigations against our Directors

| Nature of Litigation                    | Number of matters outstanding | Amount involved (₹ in lacs) |
|---|-------------------------------|-----------------------------|
| Criminal matters                        | Nil                           | Nil                         |
| Direct Tax matters                      | Nil                           | Nil                         |
| Indirect Tax matters                    | Nil                           | Nil                         |
| Actions taken by regulatory authorities | Nil                           | Nil                         |
| Material civil litigations              | Nil                           | Nil                         |

### d) Litigations against our Subsidiary

| Nature of Litigation                    | Number of matters outstanding | Amount involved (₹ in lacs) |
|---|-------------------------------|-----------------------------|
| Criminal matters                        | Nil                           | Nil                         |
| Direct Tax matters                      | Nil                           | Nil                         |
| Indirect Tax matters                    | Nil                           | Nil                         |
| Actions taken by regulatory authorities | Nil                           | Nil                         |
| Material civil litigations              | Nil                           | Nil                         |

For further details, please refer the chapter titled “*Outstanding Litigations and Material Developments*” on page 302 of this Draft Red Herring Prospectus.

## 10. Risk Factors

Please see the chapter titled “*Risk Factors*” beginning on page 26 of this Draft Red Herring Prospectus.



## 11. Summary of Contingent Liabilities

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Year ended on March 31, 2020, 2019 and 2018:

| (₹ in lacs)  |                |                |                |
|--|----------------|----------------|----------------|
| Particulars  | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Demand notice from commissioner of central tax (Service tax) | 559.21         | --             | --             |
| Outstanding Bank Guarantees                                  | 57.22          | 46.73          | 33.91          |
| <b>Total</b>   | <b>616.43</b>  | <b>46.73</b>   | <b>33.91</b>   |

For further details, please see the chapters titled “*Restated Consolidated Financial Information- Annexure VI –Notes to Financial Information- Note 35- Contingent Liabilities, Claims, Commitments (to the extent not provided for) and Other Disputes*” at page 272 of this Draft Red Herring Prospectus.

## 12. Summary of Related Party Transactions

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Year ended on March 31, 2020, 2019 and 2018:

| (₹ in lacs)             |                           |                                      |                                      |                                      |
|-------------------------|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Nature of Transaction   | Name of the related party | Year ended 31 <sup>st</sup> Mar 2020 | Year ended 31 <sup>st</sup> Mar 2019 | Year ended 31 <sup>st</sup> Mar 2018 |
| Managerial Remuneration | R.P Sinha                 | 67.28                                | 56.25                                | 41.84                                |
|                         | S. Chidambaranathan       | 63.20                                | 56.25                                | 41.84                                |
|                         | Amit Raj Sinha            | 71.95                                | 65.85                                | 50.24                                |
|                         | Vijay Bhavsar             | 12.00                                | 12.00                                | 12.00                                |
|                         | C. Bhavani Shanmugam      | 22.64                                | 19.32                                | 10.23                                |
| Rent                    | Amit Raj Sinha            | 13.17                                | 5.94                                 | 5.94                                 |
| Sales                   | Sigachi US, Inc           | 1,140.80                             | 826.16                               | 412.01                               |

For further details please refer “*Restated Consolidated Financial Information – Annexure VI –Notes to Financial Information- Note 34- Related Party Transactions*” at page 272 of this Draft Red Herring Prospectus.

## 13. Financials Arrangements

There are no financing arrangements whereby the Promoters, members of the Promoter Group, the Directors of our Company and 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 the financing entity during the period of six months immediately preceding the date of the Draft Red Herring Prospectus.

## 14. Weighted Average Price of the Equity Shares acquired by our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus

The details of the weighted average price of the Equity Shares acquired by our Promoters in the last one year preceding the date of this Draft Red Herring Prospectus is as follows:

| Name of Promoters                           | No. of shares acquired in last one year from the date of this DRHP | Weighted Average Price (in ₹) |
|---|--|-------------------------------|
| RPS Projects and Developers Private Limited | Nil  | Not Applicable                |
| Chidambarnathan Shanmuganathan              | Nil  | Not Applicable                |
| Rabindra Prasad Sinha                       | Nil  | Not Applicable                |
| Amit Raj Sinha                              | Nil  | Not Applicable                |

## 15. Average Cost of Acquisition of Shares for Promoters

The average cost of acquisition of Shares for the Promoters is as follows:

| Name of Promoters | No. of shares held | Average Cost of Acquisition (in ₹) |
|-------------------|--------------------|------------------------------------|
|-------------------|--------------------|------------------------------------|

| Name of Promoters                           | No. of shares held | Average Cost of Acquisition<br>(in ₹) |
|---|--------------------|---------------------------------------|
| RPS Projects and Developers Private Limited | 25,10,575          | 7.09                                  |
| Chidambarnathan Shanmuganathan              | 6,46,945           | 3.02                                  |
| Rabindra Prasad Sinha                       | 5,07,280           | 4.25                                  |
| Amit Raj Sinha                              | 4,31,770           | 11.79                                 |

## 16. Pre-IPO Placement

Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Issue constituting at least 25% of the post-Issue paid up equity share capital of our Company.

## 17. Issue of equity shares made in last one year for consideration other than cash

Following are the details of equity shares issued in the last one year for consideration other than cash or through bonus:

| Date of allotment | Number of Equity Shares allotted | Face value (₹) | Issue Price | Nature of consideration                    | Reasons for allotment  | Whether forming a part of Promoter Group   |
|-------------------|----------------------------------|----------------|-------------|--|--|--|
| November 21, 2019 | 4,609,500                        | 10             | -           | Bonus Issue: Consideration Other than cash | Bonus issue in the ratio of 3:2 authorised by our Board, pursuant to a resolution passed at its meeting held on October 07, 2019 and by our Shareholders pursuant to a resolution passed at the EGM held on November 21, 2019. | Partially yes, Bonus shares issued to all shareholders, including promoter group |

For further details, please refer to chapter titled — “*Capital Structure*” on page 81 of this Draft Red Herring Prospectus.

## 18. Split or consolidation of Equity Shares in the last one year

No split or consolidation of equity shares has been made in the last one year prior to filing of this Draft Red Herring Prospectus.

## SECTION II – RISK FACTORS

*An investment in the 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 the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. 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, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.*

*To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 145, 159 and 284 of this Draft Red Herring Prospectus, respectively. The industry-related information disclosed in this section that is not otherwise publicly available is derived from a report titled “Research Report on Microcrystalline Cellulose Industry” released in August 2020 prepared by CARE Advisory Research & Training Limited (“CARE”). Neither our Company, nor any other person connected with the Issue, including the BRLM, has independently verified the information in the industry report or other publicly available information cited in this section.*

*This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 19 of this Draft Red Herring Prospectus.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.*

### *Materiality:*

*The Risk Factors have been determined on the basis of their materiality. 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 a material impact in future.*

*The financial and other related implications of risks concerned, whether 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. 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 over another.*

*In this Draft Red Herring Prospectus, any discrepancies in any table between total and sums of the amount listed are due to rounding off.*

*In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Sigachi Industries Limited.*

*The risk factors are classified as under for the sake of better clarity and increased understanding.*

## **INTERNAL RISK FACTORS**

### **BUSINESS RELATED RISKS**

- 1. Our commercial success is largely dependent upon our ability to develop and devise innovative grades of cellulose based excipients. Our inability to innovate new products would make our existing product portfolio redundant, which may have an adverse impact on the utility of our products resultantly impacting our revenue and profitability. Further, if our competitors are able to produce better quality products and improve the efficiency of their manufacturing processes thereby being able to offer their products at lower prices, our revenues and profitability may decline.***

We are engaged in manufacturing, marketing and supplying of microcrystalline cellulose (“MCC”) which is widely used as an excipient for finished dosages in the pharmaceutical industry. Due to the inert non-reactive and versatile nature of MCC, our product has varied applications in the pharmaceutical, food, nutraceuticals and the cosmetic industries. Our Company manufactures MCC of various grades ranging from 15 microns to 250 microns, all of which are marketed by our Company under various brands. Our Company is one of the leading manufacturers of cellulose based excipients in India (*Source: Research Report on Microcrystalline Cellulose Industry*).. Since, we primarily manufacture MCC, which is used in various industries mentioned above, it is imperative for our Research and Development division (“**R&D Division**”) to continuously improve existing product portfolio and develop innovative and diverse applications of MCC in various industries which would help us to increase the outreach of our products and help us maintain and deepen our position in the market. We might have to invest a large amount of our resources and funds in our R&D Division to ensure that we continue to provide diverse application of our products to our customers and are able to meet their customized demands of our products. We might have to allocate a major portion of the revenue or profits earned by our Company towards upgradation and efficient functioning of our laboratories in our R&D Division, which may skew the resource allocation from other business activities, and possibly impacting our revenues and profitability.

Therefore, the commercial success of our business is highly dependent on our ability to develop products which do not have a substitute in the industry and which makes our products unique and irreplaceable. Further, there can be no assurance that the lack of demand from any one of these industries can be off-set by sales to other industries in which our products find application. Our failure to effectively react to these situations or to successfully introduce new variants or new applications for our existing products could adversely affect our business, prospects, results of operations and financial condition.

- 2. Our Company is reliant on the demand from the pharmaceutical industry for a significant portion of our revenue. Any downturn in the pharmaceutical industry or an inability to increase or effectively manage our sales could have an adverse impact on our Company’s business and results of operations.***

Our primary product MCC is used as a raw material in the pharmaceutical, food, nutraceuticals and the cosmetic industries, with supplies to the pharmaceutical industry at approximately 75% of our revenues for the past three Financial Years. Our revenues are highly dependent on our customers from the pharmaceutical industry and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations.

Further, in the event, there takes place a shift of practice of developing raw materials in-house in the pharmaceutical industries or the other industries which we cater to, it may have an adverse impact on the demand for our products. Similarly, in the event of any new breakthrough in the development of a novel product or raw material by our competitors or customers, our products may become obsolete or be substituted by such alternatives; thereby impacting our revenues and profitability adversely. It may also happen that our competitors are able to improve the efficiency of their manufacturing process or their distribution or raw materials sourcing process and thereby offer their similar or high quality products at lower price our Company may be unable to adequately react to such developments which may affect our revenues and profitability.

3. ***We highly depend on our major raw materials and a few key suppliers who help us procure the same. Our Company has not entered into long-term agreements with its suppliers for supply of raw materials. In the event we are unable to procure adequate amounts of raw materials, at competitive prices our business, results of operations and financial condition may be adversely affected.***

Our Company is engaged in the business of manufacturing MCC of various grades and wood pulp in the form of wood pulp sheets is used as the primary raw material during our manufacturing process. Therefore, we are highly dependent on wood pulp sheets and it forms the most important and primary component of our manufacturing process. We majorly import wood pulp sheets from Canada, South Africa, Thailand, Indonesia and America. Our top five suppliers accounted for 75.46%, 77.92% and 69.52% of our expenses towards the purchase of raw materials for the Fiscals 2020, 2019 and 2018, respectively. Thus, if we experience significant increase in demand, or need to replace an existing supplier, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all. Further, in view of the ongoing pandemic, wherein partial or complete lockdown and various travel restrictions has been imposed in various countries, we may not be able to procure adequate amount of raw materials for our three manufacturing units located in Gujarat and Hyderabad.

As mentioned in the earlier risk factor, pharmaceutical industry constitutes major portion of our revenues. The pharmaceutical products qualify as essential commodities, therefore generally their demand has not been deterred by the ongoing pandemic and the nationwide lockdown imposed by various governments. In view of the above, we will have to source adequate raw materials for all of our manufacturing units to cater to the consistent demand of our pharmaceutical customers. Furthermore, the demand of the pharmaceutical products is seeing an increasing demand due to the health crisis caused due to the pandemic, since our products are used as excipients for finished dosages in the pharmaceutical industry, the demand of our products is also likely to rise. In the event, due to logistical glitches and restrictions on crossing state and country borders imposed by various governments, we are not be able to procure the required amount of raw materials, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to procure the required amount of raw materials in the backdrop of the global pandemic, we cannot assure you that we will be able to do in a cost effective manner, which may impact our pricing and profitability.

We depend on a number of suppliers for procurement of raw materials required for manufacturing our products. In Fiscals 2020, 2019 and 2018, our cost of raw material consumed amounted to 51.43%, 52.87% and 58.44% of our total revenue respectively. Our Company maintains a list of registered and unregistered suppliers from whom we procure the materials on order basis as per our internal demand projections. We have not entered into long term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. Since we have no formal arrangements with our suppliers, they are not contractually obligated to supply their products to us and may choose to sell their products to our competitors. Non-availability or inadequate quantity of raw material or use of substandard quality of the raw materials in the manufacture of our products, could have a material adverse effect on our business. Further, any discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality and quantity could hamper our manufacturing schedule. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials to us. Further, we cannot assure you that our suppliers will continue to be associated with us on reasonable terms, or at all. Since our suppliers are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms to such suppliers, which may cause them to cater to our competitors alongside us.

Further, the amount of raw materials procured and the price, at which we procure such materials, may fluctuate from time to time. In addition, the availability and price of our raw materials may be subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in government policies and regulations, including those relating to the excipient industry in general. We cannot assure you that we will always be able to meet our raw material requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw materials to our customers. Further, we also cannot assure you with a reasonable certainty that the raw materials that we would procure in the future will not be defective. In the absence of formal agreements, should we receive any defective raw materials, we may not be in

a position to recover any advance payments made or claim compensation from our suppliers consequently increasing the manufacturing costs and/or reducing the realization of our finished products. Any inability on our part to procure sufficient quantities of raw materials, on commercially acceptable terms, may lead to a decline in our sales volumes and profit margins which could adversely affect our business, results of operations and financial condition.

**4. *We depend on a few customers of our products, for a significant portion of our revenue, and any decrease in revenues or sales from any one of our key customers may adversely affect our business and results of operations.***

Our Company is engaged in the business of manufacturing MCC and its various grades for direct sale to various end users, merchants, distributors and exporters. In Fiscals 2020, 2019 and 2018, 38.36%, 41.49% and 38.49%, respectively, of our revenue from operations were derived from our top five customers (in the respective Fiscals). As of March 31, 2020, based on management estimates, the revenue from the pharmaceutical, food, nutraceuticals and the cosmetic industries account for 75%, 10%, 5% and 10% respectively of our revenues. Our business operations are highly dependent on our customers, especially from the pharmaceutical industry which we cater to and the loss of any of our customers from any industry which we cater to may adversely affect our sales and consequently on our business and results of operations.

While we typically have long term relationships with our customers, we have not entered into long terms agreements with our customers and the success of our business is accordingly significantly dependent on us maintaining good relationships with our customers and suppliers. The actual sales by our Company may differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

Further, neither do we have any exclusive agents, dealers, distributors nor have we entered into any agreements with any of the market intermediaries for selling or marketing our products. If there occurs any change in the market conditions, requirements of our customers, or if we fail to identify and understand evolving industry trends, preferences or fail to meet our customers' demands, it might have a direct impact on our revenue and customer base. The inability to procure new orders on a regular basis or at all may adversely affect our business, revenues, cash flows and operations.

**5. *The commercial success of our products depends to a large extent on the success of the products of our end use customers. If the demand for the end use products in which our products are used as a raw materials declines, it could have a material adverse effect on our business, financial condition and results of operations.***

The products manufactured and supplied by us are primarily utilized as an excipient for the finished products manufactured in the pharmaceutical, food, nutraceuticals and cosmetic industry. For instance, HiCel DG, a grade of MCC is used in the pharmaceutical products to provide superior compactibility and robustness with low bulk density to the end use dosage, HiCel CE 15 another grade of MCC manufactured by us is used as a raw material in the food industry to provide creamier texture to the end use product. For further details, please refer to the chapter titled “Our Business – Products” at page 166 of this Draft Red Herring Prospectus.

The demand of our products is directly proportional to the demand of the products of our customers who use our products in their manufacturing process. Therefore the commercial success of our business is highly dependent on the commercial viability, demand and success of the end use products of our customers. Any downturn in the demand of such products could have a direct impact on the demand of our products and our business operations. Any disturbance in the industry in which our customers supply their end use products could adversely impact our business due to our high dependence on our customers. A reduction in the demand, development and production activities in the industries in which the end use products of our customers are supplied to, may correspondingly cause a decline in the demand for our products due to a slump in the business activities of our

customers. Alternatively, in the event our customers are able to devise a manufacturing process without our product forming a part of their process or if our customers are able to find a cheaper alternative for our products, it may conversely result in a reduction in the demand of our products and have a material adverse effect on our business, financial condition and results of operations.

We cannot assure you that we will be able to devise an end use application of our products or diversify the application of our products to such an extent that failure of one industry will not hamper the business operations of our products. We also cannot assure you that we will be able to manufacture such products which would be irreplaceable. Our failure to effectively react to these situations or to successfully introduce new products or new applications for our existing products could adversely affect our business, prospects, results of operations and financial condition.

**6. *We may face several risks associated with the proposed expansion of our manufacturing facilities, which could hamper our growth, prospects, cash flows and business and financial condition.***

We intend to utilize a portion of the Net Proceeds of this Issue towards enhancing the existing capacity of our manufacturing units situated at Dahej and Jhagadia in Gujarat, by setting up additional facility in the said units. For further details, please refer to the chapter titled “*Object of the Issue*” at page 97 of this Draft Red Herring Prospectus.

During the process of setting up of an additional facility in our existing manufacturing units, we may face several difficulties such as cost overruns or delays for various reasons, including, but not limited to, our financial condition, changes in business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations, changes in design and configuration, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, start-up costs, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Due to the on-going pandemic and the lockdown imposed by various State and Central Governments and in view of the current scenario we cannot assure you that we will be able to set up our additional facilities without facing delays or time and cost overruns.

Any delay in setting up of our proposed facilities could lead to revenue loss for our Company. Further, our expansion plan may be subject to delays and other risks, which may be caused due to certain other unforeseen events, such as unforeseen engineering or technical problems, disputes with workers, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents. While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays could be mitigated and that we will be able to prevent any cost and time over-runs and any loss of profits resulting from such delays, shortfalls and disruptions.

Further, the budgeted cost may prove insufficient to meet the requirements of the proposed capital expenditure due to, among other things, cost escalation, which could drain our internal cash flows or compel us to raise additional capital, which may not be available on terms favorable to us or at all. We cannot assure that we will be able to complete the aforementioned expansion of our manufacturing units in accordance with the proposed schedule of implementation and any delay in setting up such plants in a timely manner, or at all, could have an adverse impact on our growth, prospects, cash flows and business and financial condition.

We also cannot assure you that we will be able to receive the approvals for the new facilities in a timely manner. If we are not able to receive the required approvals at all or if there is a delay in receiving the same, all other operations, which are to be undertaken for the completion of the manufacturing unit might also be delayed. The quotations for plant and machinery and civil works received by us from various suppliers and contractors might expire and we may be compelled to purchase the same at a higher cost. Our financial condition, results of operations and liquidity would be materially and adversely affected if our project or construction costs materially exceed such budgeted amounts. For further details, please refer to chapters titled — “*Objects of the Issue*” and “*Our Business*” on pages 97 and 159, respectively of this Draft Red Herring Prospectus.

**7. *We cannot assure you that the proposed expansion of our manufacturing units situated at Dahej and Jhagadia will become operational as scheduled, or at all, or operate as efficiently as planned. If we are unable to commission our new facilities in a timely manner or without cost overruns, it***

***may adversely affect our business, results of operations and financial condition.***

We intend to utilise the proceeds of this Issue to expand our existing manufacturing units situated at Dahej and Jhagadia at a total estimated cost of ₹ 4,735.24 lacs. Our expansion plan may be subject to delays and other risks, among other things, unforeseen engineering or technical problems, disputes with workers, force majeure events, unanticipated cost increases or changes in scope and delays in obtaining certain property rights and government approvals and consents. Additionally, we may face risks in commissioning the proposed facilities including but not limited to, delays in the construction or for other unknown reasons, our proposed facilities do not function as efficiently as intended, or utilisation of the proposed facilities is not optimal, we may not be able to take additional orders to produce anticipated or desired revenue as planned any of which could result in delays, cost overruns or the termination of the plan for expansion of our manufacturing units.

In the event of any delay in the schedule of implementation or if we are unable to complete the project as per the scheduled time, it could lead to revenue loss. While we may seek to minimize the risks from any unanticipated events, it cannot be assured that all potential delays could be mitigated and that we will be able to prevent any cost over-runs and any loss of profits resulting from such delays, shortfalls and disruptions. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected. For further details, please refer to the chapter titled — “*Objects of the Issue*” on page 97 of this Draft Red Herring Prospectus.

8. ***Our business and prospects may be adversely affected if we are unable to maintain and grow the image of our brands. Further, our Company vide a deed of assignment has assigned majority of our trademarks to Amit Raj Sinha Family Trust, one of our promoter group entities. In the event, any actions of our Company qualifies as a breach of any of the clauses of this deed, it could have a material impact on our goodwill, business operations, financial condition and results of operations.***

Our Company has created a brand presence with our brands such as “HiCel”, “AceCel”, “BARETab”, “CosmoCel”, etc. For further details of our brands and the trademarks of our Company, please refer to the chapters titled “*Our Business- ‘Intellectual Property Rights’*” and “*Government and other Statutory Approvals- ‘Intellectual Property Related Approvals’*” on pages 176 and 315 of this Draft Red Herring Prospectus.

We sell our products under our brands, which we believe are well recognized, have been developed to cater to customers and have contributed to the success of our business in the market for excipients. We believe our brand’s image serve in attracting customers to our products in preference over those of our competitors. Maintaining and enhancing the recognition and reputation of these brands is critical to our business and competitiveness. Many factors, some of which are beyond our control, are important for maintaining and enhancing our brands, including maintaining or improving customer satisfaction and the popularity of our products and increasing brand awareness through brand building initiatives. In particular, from time to time we launch new grades of MCC with diverse applications, and if any of those products do not meet standards for quality and performance or customers’ subjective expectations, our brand reputation and the sales of our products may be impacted. If we fail to maintain our reputation, enhance our brand recognition or increase positive awareness of our products, or the quality of our products declines, our business and prospects may be adversely affected.

Furthermore, our Company has entered into a deed of assignment dated April 04, 2019 with Amit Raj Sinha Family Trust, one of our promoter group entities (hereinafter referred to as the “***Assignee***”). *Vide* this deed of assignment, our Company on receiving a consideration of ₹ 2.40 lacs from the Assignee has assigned the majority of our trademarks to the Assignee which were registered in our name or in the name of Sigachi Plasticisers Private Limited, which is now amalgamated with our Company. The details of the assigned trademarks can be seen in the chapters titled, “*Our Business- ‘Intellectual Property Rights’*” and “*Government and other Statutory Approvals- ‘Intellectual Property Related Approvals’*” on pages 176 and 315 of this Draft Red Herring Prospectus. By way a supplemental deed dated September 14, 2020 to the Deed of Assignment dated April 04, 2019, our Company can make unrestricted, non-exclusive, non-transferable, non-sub licensable non royalty bearing use of the trademarks mentioned therein for a period of five years until March 31, 2025, without payment of any royalty or any other monetary consideration. We cannot assure you that the supplemental deed will be renewed partially or fully, on terms and conditions which may be



favourable to our Company. It may be possible that after the expiry of the period as mentioned in the supplemental deed, the deed of assignment restricts our Company to fully make use of our trademarks and also provides the Assignee with the right of initiating legal action against our Company in the event our Company causes a breach of any of the clauses of the deed. In the event, the Assignee files a litigation against us for any breach or termination of the contract, such litigation could be time consuming and costly and the outcome cannot be guaranteed. Such litigations could be time consuming and the outcome of such litigations may not always be in our favor and we may also be exposed to the risk of losing our goodwill and the brands under which we sell our products. Additionally, we cannot assure that we will continue to be able to fully protect our intellectual property in the best possible manner for marketing our products. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected.

**9. *Depleting forest reserves may reduce the raw material availability, resulting in increase in raw material cost.***

The key raw material used by us in our manufacturing units for manufacturing MCC and its various grades is wood pulp sheet. Our business operations are highly dependent on the easy availability of wood pulp sheets in the market. Every year large hectares of land are deforested for various activities, including human settlement, industrial uses, farming amongst others. In the absence of equivalent afforestation, such continuous depletion of the natural forest resources may result in reduction of raw material availability and consequently increase our raw material costs. With the increase in raw material costs we will be forced to increase the cost of our products which will affect our cost competitiveness. As of date, we have not been able to find an alternative for wood pulp sheets for manufacturing our products and our continuous business operations are highly dependent on the availability of this key raw material. In the event, due to the depleting forest reserves, we are unable to source the raw material and are unable to find a substitute for wood pulp sheets we may be forced to halt or permanently stop our business operations. Further, if the government introduces policies or laws regulating the use of wood pulp, our operations would be highly affected by such policies and we cannot assure you that our end use customers will not be affected by the same. On happening of such events, the continuity of our business operations, revenue, result of operations and financial condition may adversely be affected.

**10. *The global scope of our operations exposes us to risks of doing business in foreign countries, including the constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate and seek to operate, which could adversely affect our business, financial condition and results of operations.***

We sell our products in countries such as Australia, USA, South America, U.K., Poland, Italy, Denmark, China, Colombia, Bangladesh, etc. In Fiscal 2020, 61.18% of our revenue from operations was from exports. Our wholly owned Subsidiary, Sigachi US, Inc. has been incorporated in Virginia, USA to ensure our international market presence and help us cater to the needs and requirements of our international customers. We seek to maintain and expand our international sales operations with the help of our wholly owned Subsidiary. Our business is therefore subject to diverse and constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate and seek to operate.

Operating in the international markets exposes us to a number of risks, including, but not limited to, compliance with local laws and regulations, which can be onerous and costly as the magnitude and complexity of, and continual amendments to, those laws and regulations are difficult to keep abreast with and the liabilities, penalties, costs, obligations and requirements associated with these laws and regulations can be substantial. Our failure to comply with and adapt to changing international regulations and/or trends may result in us failing to maintain and/or expand our international sales operations, which could adversely affect our business, financial condition and results of operations.

In case of any contingencies in the future, due to which we are unable to operate effectively in these markets, our results of operations, revenues and profitability may be adversely affected. Due to this, we may not be able to expand our business effectively in the international market, thereby affecting our business, results of operations and financial condition.

**11. *In the past, there have been instances of delays and non-filings of certain forms which were required to be filed as per the reporting requirements under the Companies Act, 1956 and***

***Companies Act, 2013 to RoC. Further, there have also been instances where our Company has inadvertently filed incorrect information with the RoC in its statutory filings.***

In the past, there have been certain instances of delays in filing statutory forms as per the reporting requirements under the Companies Act, 1956 and Companies Act, 2013 with the RoC, which have been subsequently filed by payment of an additional fee as specified by RoC. Further, there have been instances of non-filings of statutory forms with RoC as per the reporting requirements laid down under the Companies Act 1956 and Companies Act, 2013 such as, our Company failed to file form CHG-1 to register the charge created by our lender, Kotak Mahindra Bank on some of our leasehold properties with the Registrar of Companies.

No show cause notice in respect to the above has been received by our Company till date and except as stated in this Draft Red Herring Prospectus, no penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future or our Company will not commit any further delays or defaults in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position.

***12. Our continued operations are critical to our business and any shutdown of our manufacturing unit may adversely affect our business, results of operations and financial condition.***

Our manufacturing units are located in Gujarat and Hyderabad. As a result, any local social unrest, natural disaster or breakdown of services and utilities in these areas could have material adverse effect on the business, financial position and results of our operations. Our current and proposed manufacturing units are subject to operating risks, such as breakdown or failure of equipment, power supply or processes, reduction or stoppage of water supply, performance below expected levels of efficiency, obsolescence, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

In the event, we are forced to shut down our manufacturing units for a prolonged period; it would adversely affect our earnings, our other results of operations and financial condition as a whole. Spiraling cost of living around our units may push our manpower costs in the upward direction, which may reduce our margin and cost competitiveness. For instance, due to the ongoing pandemic and the lockdown imposed by the Central Government and various state governments, we may be required to shut down all our manufacturing units which may cause an adverse impact on our business operations, revenue, results of operations and financial conditions.

In addition to the above if any of our manufacturing units suffer losses as a result of any industrial accident, we may be forced to shut down our manufacturing units which could result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition. Further, any contravention of or non-compliance with the terms of various regulatory approvals applicable to our manufacturing units may also require us to cease or limit production until such non-compliance is remedied to the satisfaction of relevant regulatory authorities. We cannot assure you that we will not experience work disruptions in the future resulting from any dispute with our employees or other problems associated with our employees and the labor involved in our manufacturing units, which may hinder our regular operating activities and lead to disruptions in our operations, which could adversely affect our business, prospects, financial condition, cash flows and results of operations.

***13. Any failure in our quality control processes may adversely affect our business, results of operations and financial condition. We may face product liability claims and legal proceedings if the quality of our products does not meet our customers' expectations.***

Our products may contain certain quality issues or undetected errors, due to defects in manufacture of products or raw materials which are used in the products. We have implemented quality control processes for our raw materials and finished goods on the basis of internal and international quality standards. We are engaged in export operations as well and have to fulfill the quality conditions and processes prescribed under the United States Pharmacopeia ("USP"), British Pharmacopeia ("BP"), India Pharmacopeia ("IP") and European Pharmacopeia ("EP"). We have a separate Quality Division which carries out necessary standard operating procedures ("SOP"), standard test procedures ("STP")

on the raw materials and the finished products. However, we cannot assure you that our quality control processes or our product will pass the quality tests and inspections conducted by various international and domestic agencies as per their prescribed standards will not fail. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality control procedures, negligence and human error or otherwise, may damage our products and result in deficient products. It is imperative for us to meet the international quality standards set by our international customers and agencies as deviation from the same can cause them to reject our products and can also cause damage to our reputation, market standing and brand value.

In the event the quality of our products is sub-standard or our products suffer from defects and are returned by our customers due to quality complaints, we might be compelled to take back the sub-standard products and reimburse the cost paid by our customers. Such quality lapses could strain our longstanding relationship with our domestic and international customers and our reputation and brand image may suffer, which in turn may adversely affect our business, results of operations and financial condition. Our customers may lose faith in the quality of our products and could in turn refuse to further deal in our products, which could have a severe impact on our revenue and business operations. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs.

***14. Any adverse change in regulations governing our products and the products of our customers, may adversely impact our business prospects and results of operations.***

Regulatory requirements with respect to our products and the products of our customers are subject to change. An adverse change in the regulations governing the development of our products and their usage by our customers, including the development of licensing requirements and technical standards and specifications or the imposition of onerous requirements, may have an adverse impact on our operations. Our Company may be required to alter our manufacturing and/or distribution process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers.

We cannot assure you that we will be able to comply with the regulatory requirements. If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing and marketing new products or we may be required to withdraw existing products from the market. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products and/or we may be deemed to be in breach of our arrangements with our customers. Consequently, there is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to forced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products, which may adversely impact our business, results of operations and financial condition.

***15. If our product development efforts do not succeed, we may not be able to improve our existing products and/or introduce new products, which could adversely affect our results of operations, growth and prospects. Further, if we are unable to anticipate and respond to changes in the market trends and changing customer preferences in a timely and effective manner, or if we fail to maintain our reputation, brand value or increase the market for our products, the demand for our products may decline.***

In order to remain competitive, we are required to review the performance of our existing products and the manufacturing process and take necessary actions to improve functionality and/or efficiency and also identify new applications for our existing products and new potential products, in compliance with applicable regulatory standards. To accomplish this, we commit substantial effort, funds and other resources towards our R&D Division. Our ongoing investments towards product development could result in higher costs without a corresponding increase in revenues. However, we cannot assure you that the product development initiatives taken by our Company would succeed or result in an improvement in either our existing products or manufacturing process which may affect our ability to compete with our competitors and have an adverse effect on our operations. Further, our product

development initiatives with respect to developing new uses for existing products or new products may not result in the development of cost-effective or economically viable solutions, thereby affecting our operations, growth and prospects.

Our business is highly dependent on our ability to compete in the industry with the help of our R&D Division by devising innovative grades of our products which have varied applications in the niche segment of the industry as well. If we are unable to gauge the changing technology and demand in the industry and are unable to upgrade our product portfolio in line with the same it may have an adverse effect on our business operations. Our products have varied applications and are majorly used in the pharmaceutical, food, nutraceuticals and cosmetic industries. Since our products form a key raw material for manufacturing the end use products of our customers, we are expected to be aware of the changing technologies and regulatory requirements. A significant feature of the excipient industry is the rapidly innovating technology and advancement in the research and development of the products. Therefore, results of our operations are dependent on our ability to anticipate, gauge and respond to such changes and devise new products or modify our existing products in lines with the changes in market trends as well as customer demands and preferences. If we are unable to respond to the technological advancements or in the event our R&D Division is unable to upgrade our products periodically as per the prevalent market trends, or if we are unable to adapt to such changes by launching new products as per the demand, we may significantly lose our market position and existing customer base which may adversely affect our results of operations and financial condition.

Maintaining and enhancing our brand recognition and reputation is critical to our business and the competitiveness of our products. Many factors, some of which are beyond our control, are important for maintaining and enhancing our brand reputation and competitiveness of our products, including maintaining or improving customer satisfaction and increasing the popularity of our products. In particular, we launch new products, and if any of those products do not meet standards for quality the international and domestic quality standards or efficiently contribute to the end use products of our customers, our market standing, reputation and the sales of our products may have an adverse impact. If we fail to maintain our reputation, or increase the market for our products, or the quality of our products declines, our business and prospects may be adversely affected.

***16. Our Company is yet to place orders for 98.4% of the plant and machinery for the proposed expansion of our manufacturing units situated at Dahej and Jhagadia. Any delay in placing orders or procurement of such plant and machinery may delay the schedule of implementation and possibly increase the cost of commissioning the manufacturing unit.***

Our Company has received third party quotations for the plant and machinery required to be installed in the proposed facility in our manufacturing units situated in Dahej and Jhagadia, for details please refer to the chapter titled “Objects of the Issue” on page 97 of this Draft Red Herring Prospectus. Although, we have identified the type of plant and machinery to be purchased for the proposed facility, we are yet to place order for 98.4% of the plant and machinery worth ₹ 4,659.97 lacs. The cost of the machineries (including civil and electrical work) is based on the quotations received from suppliers and such quotations are subject to change due to various factors such as, change in supplier of equipment, change in the government regulation and policies, change in management’s view of desirability of the current plans, possible cost overruns, etc. Since, we have not yet placed orders for 98% of our plant and machinery we cannot assure that we will be able to procure the same in a timely manner and at the same price at which the quotations have been received. Delay in procurement of the same can cause time and cost overrun in the implementation of our proposed expansion of the manufacturing units and can also compel us to buy such machineries at a higher price, thus causing the budgeted cost to vary. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected.

***17. The cost estimates for the proposed expansion of our manufacturing units situated at Dahej and Jhagadia have been derived from internal estimates of our management and may not be accurate.***

The anticipated cost of the proposed expansion of our manufacturing units situated at Dahej and Jhagadia will be ₹ 4,735.24 lacs. For ascertaining this cost reliance has been placed on the estimates, budgets and numerous assumptions made by our management and any bank or financial institution has not appraised the same. The actual costs of expansion of our manufacturing units may exceed such budgeted amounts due to a variety of factors such as construction delays, escalation cost of raw material, interest rates, labour costs, regulatory and environmental factors, weather conditions and our

financing needs. Our financial condition, results of operations and liquidity would be materially and adversely affected if our expansion costs materially exceed such budgeted amounts. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected. For further details of the scheduled operational dates of our proposed unit, see “*Objects of the Issue*” on page 97 of this Draft Red Herring Prospectus.

**18. *Our Company has set up our manufacturing units in Jhagadia and Dahej in 2010 and 2012 therefore, these manufacturing units have a limited operating history, which might make it difficult for the investors to evaluate our historical performance or future prospects.***

Our Company is engaged in the business of manufacturing MCC of various grades and forms. In 2010, our Company in order to expand our business operations had set up an additional manufacturing unit in Jhagadia. In 2012, we were successful in further expanding our business operations by setting up another manufacturing unit for MCC in Dahej. In comparison to our manufacturing unit situated at Hyderabad, we have a limited operating history of our manufacturing units situated in Gujarat and we may not have sufficient experience to address the risks related to the said manufacturing units. Further, our manufacturing unit at Dahej is situated in Special Economic Zone, therefore it is entirely an export-oriented unit. Due to our limited experience of our export operations from the said manufacturing unit, we may not be able to identify the risks involved in such operations and therefore could fail to achieve timely fulfilment of our orders and the quality requirement of our products.

Further, from the proceeds of this Issue, our Company endeavours to expand these manufacturing units, for further details, please refer to the chapter titled — “*Objects of the Issue*” on page 97 of this Draft Red Herring Prospectus. Due to our limited operational history in these manufacturing units, we cannot assure the commercial success from these manufacturing units. We may face difficulty in understanding the demand and supply patterns, updates in the research and development, marketing segments for such products which may pose a risk in the smooth operation, and working of our manufacturing units. In the event that we fail to understand the market operations and the risks related to the same, our business, financial performance and cash flows may be affected. We may also face difficulty in understanding the demand and supply patterns, market trends, marketing segments for our products which may pose a risk in the smooth operation, and working of our manufacturing units and the new facilities which are to be added. In the event that we fail to understand the market operations and the risks related to the same, our business, financial performance and cash flows may be affected.

**19. *Some of the raw materials that we use are corrosive and combustible in nature. While we take adequate care and follow all relevant safety measures, there is a risk of fire and other accidents, at our manufacturing units and warehouses. Any accidents may result in loss of property of our Company and/or disruption in the manufacturing processes which may have a material adverse effect on our results of operations, cash flows and financial condition.***

The key raw material used by us for manufacturing MCC and its various grades is wood pulp sheet. Due to its combustible nature, we may be exposed to fires or other industrial accidents. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process or storage of products and certain raw materials, may cause industrial accidents, fire, loss of human life, damage to our and third-party property or cause environmental damage. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. In addition to adversely affecting our reputation, any such accidents, may result in a loss of property of our Company and/or disruption in our manufacturing operations entirely, which may have a material adverse effect on our results of operations and financial condition. In addition to the loss as a result of such fire or industrial accident, any shutdown of any of our manufacturing units could result in us being unable to meet with our commitments, which will have an adverse effect on our business, results of operation and financial condition.

Further, any fire or industrial accident, any shutdown of our manufacturing units or any environmental damages could increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations. We cannot assure you that despite our best efforts we will not face

similar situations at our manufacturing units which may result in significant loss to our Company and/or a disruption of our manufacturing operations. The loss incurred by our Company, though adequately insured, may or may not be recoverable through the insurance maintained by us. Such loss and/or disruption of our manufacturing operations may have a material adverse effect on our operations, cash flows and financial condition.

**20. Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition.**

We are exposed to payment delays and/or defaults by our customers. Our financial position and financial performance are dependent on the creditworthiness of our customers. As per our business network model, we supply our products directly to our customers without taking any advance payment or security deposit against the orders placed by them. Such delays in payments may require our Company to make a working capital investment. We cannot assure you that payments from all or any of our customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company's results of operations and financial condition. For the Fiscal ending March 31, 2020, 2019 and 2018 our trade receivables were ₹ 2,760.23 lacs, ₹ 2,470.47 lacs and ₹ 2,119.34 lacs, respectively, out of which, debts amounting to ₹ 190.03 lacs, ₹ 103.18 lacs and ₹ 129.07 lacs were outstanding for a period exceeding six months.

There is no guarantee on the timeliness of all or any part of our customers' payments and whether they will be able to fulfill their obligations, which may arise from their financial difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

**21. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

| (₹ in lacs)  |                |                |                |
|--|----------------|----------------|----------------|
| Particulars  | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Net Cash Flow from/(used in) Operating Activities      | 1,213.86       | 1,445.88       | 623.98         |
| Net cash generated from/(used in) investing activities | (682.41)       | (595.93)       | (379.20)       |
| Net Cash Flow from/(used in) Financing Activities      | 314.29         | (893.42)       | (315.58)       |

We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

**22. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could adversely affect our business, results of operations and financial condition.**

We have experienced considerable growth over the past three years and we have expanded our operations and product portfolio. Our total revenue grew at a CAGR of 11.35% between Fiscals 2018 and 2020, while our restated profit after tax grew at a CAGR of 43.17% between Fiscals 2018 and 2020. We cannot assure you that our growth strategies will continue to be successful or that we will be able to continue to expand further, or at the same rate.

Our inability to execute our growth strategies in a timely manner or within budget estimates or our inability to meet the expectations of our customers and other stakeholders, could have an adverse effect on our business, results of operations and financial condition. Our future prospects will depend on our ability to grow our business and operations. The development of such future business could be

affected by many factors, including general, political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates and price of equipment and raw materials. Further, in order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Failure to manage growth effectively could adversely affect our business and results of operations.

**23. *Our Company requires significant amount of working capital for a continuing growth. Our inability to meet our working capital requirements may adversely affect our results of operations.***

Our business requires a significant amount of working capital. As per our settled business terms, we require our customers to pay the full amount of the consideration only after they receive the order, as a result, significant amounts of our working capital are often required to finance the purchase of raw material and execution of manufacturing processes before payment is received from our customers. Further, we are also required to meet the increasing demand and for achieving the same, adequate stocks have to be maintained which requires sufficient working capital. In these times where the world is facing a health crisis due to the ongoing pandemic, the pharmaceutical industry all over the world is expecting an increase in demand which would directly increase the demand of our products due to their usage as an excipient for finished dosages in this industry. In the event, we are unable to source the required amount of working capital for addressing such increased demand of our products, we might not be able to efficiently satisfy the demand of our customers. Even if we are able to source the required amount of funds, we cannot assure you that such funds would be sufficient to meet our cost estimates and that any increase in the expenses will not affect the price of our products.

Any delay in processing our payments by our customers may increase our working capital requirement. Further, if a customer defaults in making payments for a product on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to such defaults but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we take provisions for bad debts, including those arising from such defaults based primarily on ageing and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our clients to us on a timely basis or that we will be able to effectively manage the level of bad debt arising from defaults. We may also have large cash outflows, including among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims.

All of these factors may result, in increase in the amount of receivables and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

**24. *We are dependent on information technology systems in carrying out our business activities and it forms an integral part of our business. Further, if we are unable to adapt to technological changes and successfully implement new technologies or if we face failure of our information technology systems, we may not be able to compete effectively which may result in higher costs and would adversely affect our business and results of operations.***

We are dependent on information technology system in connection with carrying out our business activities and such systems form an integral part of our business. Any failure of our information technology systems could result in business interruptions, including the loss of our customers, loss of reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations. Additionally, our information technology systems, specifically our software may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions

in our business activities. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our business activities, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorised access to our networks. Further, the commercial success of our business is highly dependent on the developmental and innovative breakthroughs of our R&D Division. In the event, any breach of our systems or software leads to the leaking of our trade secrets or any inventive techniques devised by our Company, it might lead to loss of our originality in the market and increase the chance of our products being substituted by the products of our competitors.

Our future success depends in part of our ability to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis. Our failure to successfully adopt such technologies in a cost-effective manner could increase our costs thereby compelling us to bid at lower margins which might lead to loss of bidding opportunities vis-à-vis such competitors. Additionally, the government authorities may require adherence with certain technologies and we cannot assure you that we would be able to implement such technologies in a timely manner or at all. The cost of upgrading or implementing new technologies or upgrading our existing equipment or expanding our capacity could be significant, less cost effective and therefore could negatively impact our profitability, results of operations, financial condition as well as our future prospects.

**25. *Certain records and regulatory filings of our Company are not traceable.***

Our Company does not have access to certain filings pertaining to certain historical secretarial information in relation to certain disclosures in this Draft Red Herring Prospectus. These include, requisite filings required to be made with the RoC such as *inter alia* (i) Form 1, Form 1A, Form 1B filed at the time of incorporation and change of name; (ii) Form 2 for allotments dated February 01, 1990, February 26, 1990, March 30, 1990, April 30, 1990, December 11, 1994 and March 22, 1996; (iii) Form 32 for appointment and regularization of Rabindra Prasad Sinha, Chidambarnathan Shanmuganathan, Sudha Sinha and Ganesh Gahlot on January 11, 1989, Form 32 for appointment of Chidambarnathan Shanmuganathan as Executive Director on June 01, 1990, Form 32 and Form 25C for the appointment of Rabindra Prasad Sinha as Managing Director on April 01, 2000, Form 32 for re-appointment of Chidambarnathan Shanmuganathan as Executive Director on April 01, 2000, Form 32 for appointment of Amit Raj Sinha as an Additional Director on December 01, 2009, Form 25 C for the appointment of Amit Raj Sinha as the Joint Managing Director on December 01, 2009; (iv) Form 23ACA since incorporation till 2013; (v) Form 20B since incorporation till 2003; (vi) Form 23B for appointment of auditor since incorporation till 2008 and (vii) Form 5 INV since incorporation.

Accordingly, we have relied on other documents, including annual returns, directors' report, the statutory register of members of the Company, minutes of the meetings of the Board of Directors and Shareholders. While we believe that the forms were duly filed on a timely basis, we have not been able to obtain copies of these documents from the Registrar of Companies, or otherwise, which has been certified by Aakansha, Company Secretary in Practice *vide* her search report dated September 08, 2020. We cannot assure you that these form filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect.

**26. *We benefit from certain export benefits from the Government of India, which if withdrawn or modified may have a significant impact on our results operations.***

As on the date of this Draft Red Herring Prospectus, our Company receives certain export benefits from the Government of India. Due to our export activities, our Company enjoys certain benefits of incentives under the "Merchandise Exports from India Scheme" (MEIS) and "Duty Drawback Scheme" provided by the Central Government of India. Under the MEIS scheme, a percentage of achieved FOB (Free on Board) value of 2, 3, or 5% of the exports, is paid as incentives. Further, under the Duty Drawback Scheme, the excise duty suffered on inputs, service tax paid for input service and customs duty paid on imported raw material during manufacturing of export goods are remitted after export of such goods. The withdrawal or modification of such export benefits may have an adverse effect on the cost of our imported raw materials, thereby having a significant impact on our results of operations. For further details, please refer to the section titled "*Financial Information*" and "*Restated Financial Information – Annexure – VI- Notes to Restated Financial Information- Note 24 -*



“Other Income” at page 262.

**27. *We may be unable to grow our business in additional geographic regions or international markets, which may adversely affect our business prospects and results of operations.***

Our Company seeks to grow its market reach domestically to explore untapped markets and segments; however, we cannot assure you that we will be able to grow our business as planned. Infrastructure and logistical challenges in addition to the advancement of research and development in the excipient industry, changing customers’ taste and preferences may prevent us from expanding our presence or increasing the penetration of our products. Further, customers may be price conscious and we may be unable to compete effectively with the products of our competitors. If we are unable to grow our business in these new markets effectively, our business prospects, results of operations and financial condition may be adversely affected.

Further, expansion into new international markets is important to our long-term prospects. Competing successfully in international markets requires additional management attention and resources to tailor our services to the unique aspects of each new country. We may face various risks, including legal and regulatory restrictions, increased advertising and brand building expenditure, challenges caused by distance, language and cultural differences, in addition to our limited experience with such markets and currency exchange rate fluctuations. International markets require a very high standard of quality of products and our Company may not be able to match the international standards thereby failing to make a brand presence in the international markets. If we are unable to make long-lasting relations with the major customers in the overseas market or if we are unable to justify the quality of our products to them, it may make it difficult for us to enter into such markets. These and other risks, which we do not foresee at present, could adversely affect any international expansion or growth, which could have an adverse effect on our business, results of operations and financial condition.

**28. *We do not own certain premises used by our Company. Disruption of our rights as licensee/ lessee or termination of the agreements with our licensors/ lessors would adversely impact our manufacturing operations and, consequently, our business.***

As on the date of this Draft Red Herring Prospectus, our Registered Office, our manufacturing units situated at Jhagadia and Dahej (Gujarat) and some of our warehouses and guesthouses have been taken on lease by our Company from related parties or third parties. For details, please refer to the chapter titled “Our Business- Land and Property” on page 177 of this Draft Red Herring Prospectus.

There can also be no assurance that our Company will be able to renew the lease agreements or deeds entered into with third parties in a timely manner or at all. Further, there can be no assurance that we will not face any disruption of our rights as a lessee/ licensee and that such leave and license and lease agreements will not be terminated prematurely by the licensor/lessor. Any such non-renewal or early termination or any disruption of our rights as lessee / licensee will adversely affect our business operations.

**29. *Our application for renewal of certain licenses, approvals and registrations, which are required for our Company’s operations and business, are pending before the relevant authorities. Further, some of the licenses and approvals have not been availed by our Company. Not receiving these licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company’s operations.***

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our manufacturing units, some of which are granted for a fixed period of time and need to be renewed from time to time. Our Company has made applications before the relevant authorities for renewal of some of the licenses, approvals and registrations that have expired which are pending before the relevant authorities. Further, there are certain licenses and approvals which have to be availed by our Company for our manufacturing units, but have not yet been applied for. There may also be instances in the future, wherein the statutory authorities can take legal actions against us for non - renewal or not availing certain licenses and approvals. However, as of date of this Draft Red Herring Prospectus, there are no pending proceedings, which have been initiated against us by the statutory authorities. We cannot assure you that in the near future there will not be any legal actions taken against us for the same.

Our Company has applied for the material licenses and approvals for the expansion of our production facilities situated at Jhagadia, however we are yet to apply for the material approvals for the expansion in Dahej, which will be applied for at a later date. We cannot assure you that the relevant authorities will approve and provide us with such licenses, approvals and registrations for our new manufacturing unit or will renew such licenses, approvals and registrations, or if renewed would do so in a timely manner. Further, these licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may adversely affect our business. For further details on the licenses obtained by our Company, please refer to the chapter titled — “Government and Other Approvals” on page 306 of this Draft Red Herring Prospectus.

- 30. *If our Company is unable to protect its intellectual property, or if our Company infringes on the intellectual property rights of others, our business may be adversely affected. Further our Company vide a deed of assignment has assigned majority of our trademarks to Amit Raj Sinha Family Trust, one of our promoter group entities. In the event, any actions of our Company qualifies as a breach of any of the clauses of this deed, it could have a material impact on our goodwill, business operations, financial condition and results of operations.***

Our Company has created a brand presence with our major brands such as “HiCel”, “AceCel”, “BARETab”, “CosmoCel”, etc. Our Company's success largely depends on our brand name and brand image, therefore we have trademarked our brand names and their logos differentiating our Company's products from that of our competitors. We deal under other brand names as well, which have also been trademarked by us to maintain a distinction and differentiation for our products and brands. Our current trademark “SIGACHI”, although is owned by our Company under the provisions of the Trademarks Act, 1999, however *vide* a deed of assignment dated April 04, 2019 executed with Amit Raj Sinha Family Trust, one of our promoter group entities (hereinafter referred to as the “Assignee”) has been assigned to the Assignee. *Vide* this deed of assignment; our Company on receiving a consideration of ₹ 2.40 lacs from the Assignee has assigned the majority of our trademarks including the trade name of our Company i.e. “SIGACHI” to the Assignee which were registered in our name or in the name of Sigachi Plasticisers Private Limited, which is now amalgamated with our Company. The details of the assigned trademarks can be seen in the chapters titled, “Our Business-Intellectual Property Rights” and “Government and other Statutory Approvals- Intellectual Property Related Approvals” on pages 176 and 315 of this Draft Red Herring Prospectus.

The deed of assignment restricts our Company to fully make use of our trademarks and also provides the Assignee with the right of initiating legal action against our Company in the event our Company causes a breach of any of the clauses of the deed. In the event, the Assignee files litigation against us for any breach or termination of the contract, such litigation could be time consuming and costly and the outcome cannot be guaranteed. Further, the outcome of such litigations may not always be in our favor and we may also be exposed to the risk of losing our goodwill and the brands under which we sell our products. Our efforts to rightfully claim our brands and our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. Additionally, we cannot assure that we will continue to be able to fully utilize our intellectual property in the best possible manner for marketing our products. As a result our business, financial condition, results of operations and prospects could be materially and adversely affected.

Further, the trademark applications which have been made by our Company for our major brands, “HiCel”, “HILOSE” and “CosmoCel” has been opposed on various grounds including prior proprietorship and prior registration and therefore is pending before the Registrar of Trademarks. The abovementioned applications for trademarks have also been assigned to the Assignee *vide* the Deed of Assignment. We cannot assure you that we will be successful in such a challenge nor can we guarantee that eventually our trademark application will be approved, which in turn could result in significant monetary loss or prevent us from selling our products under our brand. In relation to our other pending applications, third parties may seek to oppose or otherwise challenge these

registrations. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted.

With respect to the trademarks which are still under our name and have not been assigned to the Assignee, we are exposed to the risk that other entities may pass off their products as ours by imitating our brand name and attempting to create counterfeit products. We believe that there may be other companies or vendors which operate in the unorganized segment using our trade name or brand names. Any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. We may need to litigate third parties in order to prevent them from misusing our trademarks or brand names and any such litigation could be time consuming and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property, which could adversely affect our business, results of operations and financial condition. For further details, please refer to the chapter titled “Government and other Statutory Approvals” on pages 306 of this Draft Red Herring Prospectus.

**31. *We are dependent on third party transportation providers for delivery of raw materials to us from our suppliers and delivery of our products to our customers. We have not entered into any formal contracts with our transport providers and any failure on part of such service providers to meet their obligations could adversely affect our business, financial condition and results of operation.***

Two of our manufacturing units are located in Gujarat and one manufacturing unit is located in Hyderabad. To ensure smooth functioning of our manufacturing operations, we need to maintain continuous supply and transportation of the raw materials required from the supplier to our manufacturing units or warehouses and transportation of our products from our units or warehouses to our customers, which may be subject to various uncertainties and risks. We are significantly dependent on third party transportation providers for the delivery of raw materials to us and delivery of our products to our customers. Uncertainties and risks such as transportation strikes or delay in supply of raw materials and products could have an adverse effect on our supplies and deliveries to and from our customers and suppliers. Additionally, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. A failure to maintain a continuous supply of raw materials or to deliver our products to our distribution intermediaries in a timely, efficient and reliable manner could adversely affect our business, results of operations and financial condition.

Further, we have not entered into any long term agreements with our transporters for any of our manufacturing units and the costs of transportation are generally based on mutual terms and the prevailing market price. In the absence of such agreements, we cannot assure that the transport agencies would fulfill their obligations or would not commit a breach of the understanding with us. In the event that the finished goods or raw materials suffer damage or are lost during transit, we may not be able to prosecute the agencies due to lack of formal agreements. Further, the transport agencies are not contractually bound to deal with us exclusively, we may face the risk of our competitors offering better terms or prices, which may cause them to cater to our competitors alongside us or on a priority basis, which could adversely affect our business, results of operations and financial condition.

**32. *There are outstanding litigations involving our Company which, if determined adversely, may affect our business and financial condition.***

As on the date of this Draft Red Herring Prospectus, our Company is involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements,

which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending litigations involving our Company is provided below:

**Cases filed against our Company:**

| <b>Nature of Litigation</b>             | <b>Number of matters outstanding</b> | <b>Amount involved* (₹ in lacs)</b> |
|---|--------------------------------------|-------------------------------------|
| Criminal matters                        | -                                    | -                                   |
| Direct Tax matters                      | -                                    | -                                   |
| Indirect Tax matters                    | 01                                   | 559.21                              |
| Actions taken by regulatory authorities | -                                    | -                                   |
| Material civil litigations              | -                                    | -                                   |

*\*To the extent quantifiable*

For further details, please refer to the section titled “*Outstanding Litigation and Other Material Developments*” on page 302 of this Draft Red Herring Prospectus.

**33. *Our Company does not have any documentary evidence for the experience of one of our Directors.***

Our Chairman and Non-Executive Director, Swami Das Nigam is unable to trace documents evidencing his past experience. Due to lack of documents and relevant information from the aforementioned Director, we have not disclosed details of his experience in his biographies in the chapter titled “*Our Management*” as is required under the SEBI ICDR Regulations. For further details, please refer to the chapter titled “*Our Management*” on page 202 of this Draft Red Herring Prospectus.

**34. *If we are unable to identify customer demand accurately and maintain an optimal level of inventory proportionately, our business, results of operations and financial condition may be adversely affected.***

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in such identification could result in either surplus stock, which we may not be able to sell in a timely manner, or no stock at all, or under stocking, which will affect our ability to meet customer demand. We plan our inventory and estimate our sales based on the forecast, demand and requirements for our products based on past data. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively by readily making our products available to our customers. Ensuring continuous availability of our products requires prompt turnaround time and a high level of coordination across raw material procurement, manufacturers, suppliers, warehouse management and departmental coordination. While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. If we over-stock inventory, our capital requirements may increase and we may incur additional financing costs. Any unsold inventory would have to be sold at a discount, leading to losses. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition. If we under-stock inventory, our ability to meet customer demand may be adversely affected.

**35. *We have significant power and water requirements for continuous running of our factories. Any disruption to our operations on account of interruption in power and water supply or any irregular or significant hike in power tariffs may have an effect on our business, results of operations and financial condition.***

All our manufacturing units have significant electricity and water requirements and any interruption in the supply of water or power may temporarily disrupt our operations. Our manufacturing unit situated at Dahej and Jhagadia receive power supply from Torrent Energy Limited and Dakshin Gujarat Vij Company Limited, respectively. Further, our manufacturing unit situated at Hyderabad receives its power supply from Telangana Power Corporation Limited. For our manufacturing unit situated at Hyderabad, we outsource our water for carrying out our manufacturing operations, whereas

in the manufacturing units situated at Dahej and Jhagadia, water supply provided by Gujarat Industrial Development Corporation for carrying out our day-to-day operations.

Since, we have a high power consumption, any unexpected or unforeseen increase in the tariff rates can increase the operating cost of our manufacturing unit and thereby cause an increase in the production cost which we may not be able to pass on to our customers. Water is one of the main components of our manufacturing unit, therefore continuous water supply is essential for smooth business operations of our Company. There are limited number of electricity providers in the areas from where we operate due to which in case of a price hike, we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition, cash flows and results of operations. For further details, please refer to the chapter titled “*Our Business- Power*” on page 173 and “*Our Business- Water*” on page 174 of this Draft Red Herring Prospectus.

**36. *We operate in a competitive business environment and our inability to compete effectively may adversely affect our business, results of operations, financial condition and cash flows.***

The excipient industry in India is competitive with both organized and unorganized markets. However, we are required to compete both in the domestic and international markets. We may be unable to compete with the prices and products offered by our competitors (local as well as international). We may have to compete with new players in India and abroad who enter the market and are able to offer competing products. Our competitors may have access to greater financial, manufacturing, research and development, marketing, distribution and other resources and more experience in obtaining the relevant regulatory approvals. Increasing competition may result in pricing pressures and decreasing profit margins or loss of market share or failure to improve our market position, any of which could substantially harm our business and results of operations. We cannot assure you that we will be able to compete with our existing as well as future competitors as well as the products prices and payment terms offered by them. In addition, our customers may enter into contract manufacturing arrangements with third parties, for products that they are presently purchasing from us. Our failure to successfully face existing and future competition may have an adverse impact on our business, growth and development.

Further, some of our competitors may be larger than we are or develop alliances to compete against us and may have greater resources, market presence and geographic reach and have products with better brand recognition than ours. Some of our competitors may be able to procure raw materials at lower costs than us, and consequently be able to sell their products at lower prices. As a result, our competitors may be able to withstand industry downturns better than us or provide customers with products at more competitive prices. Some of our international competitors may be able to capitalize on their overseas experience to compete in the Indian market. Consequently, we cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that our business and results of operations will not be adversely affected by increased competition. We cannot assure you that we will be able to maintain our existing market share. Our competitors may significantly increase their marketing expenses to promote their brands and products, which may require us to similarly increase our advertising and marketing expenses and engage in effective pricing strategies, which we may not be able to pass on to our customers which in turn may have an adverse effect on our business, results of operations and financial condition. For further details, please see “*Industry Overview*” on page 145 of this Draft Red Herring Prospectus.

**37. *Our Promoters, Directors and Key Managerial Personnel have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters, Directors and Key Managerial Personnel, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoters, Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan are Whole-time Directors of our Company and Amit Raj Sinha is the Managing Director and Chief Executive Officer of our Company and therefore may be deemed to be interested in any remuneration which may be payable to them in such capacity. Our Corporate Promoter, RPS Projects and Developers Private Limited may also be deemed to be interested to the extent of the business transacted with our Company. Our Promoters, Director and Key Managerial Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details please refer to the

paragraph titled — “*Land and Property*” in the chapter titled — “*Our Business*”, the paragraphs titled — “*Interest of our Directors*” in the chapter titled — “*Our Management*”, the paragraphs titled — “*Interest of our Promoter and Other Interests and Disclosures*” in the chapter titled — “*Our Promoter and Promoter Group*”, “*Financial Indebtedness*” and “*Restated Financial Information-Annexure VI- Notes to Restated Financial Statements- Note 32- Related Party Transactions*” on pages 177, 210, 225, 296 and 272, respectively of this Draft Red Herring Prospectus.

There can be no assurance that our Promoters, Directors, Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters and members of our Promoter Group will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

- 38. *Our Promoters, Directors and members of our Promoter Group have extended personal guarantees with respect to loan facilities availed by our Company. Further, our Promoters, Directors and members of our Promoter Group have provided their property as collateral security for loan facilities availed by our Company. Revocation of any or all of these personal guarantees or withdrawal of such property may adversely affect our business operations and financial condition.***

Our Promoters, Amit Raj Sinha, Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan, our Corporate Promoter, RPS Projects and Developers Private Limited; our Whole-time Director, Vijay Amrutlal Bhavsar and Dr. Dharani Devi, member of our Promoter Group have extended personal guarantees in favour of certain banks with respect to the loan facilities availed by our Company from them.

Further, Rabindra Prasad Sinha, RPS Projects and Developers Private Limited, Vijay Amrutlal Bhavsar and Sudha Sinha, member of our Promoter Group have provided their properties as collateral security for the loan availed by our Company.

In the event any of these guarantees are revoked or the properties provided as collateral security are withdrawn, our lenders may require us to furnish alternate guarantees or an additional security or may demand a repayment of the outstanding amounts under the said facilities sanctioned or may even terminate the facilities sanctioned to us. There can be no assurance that our Company will be able to arrange such alternative guarantees or provide an alternate collateral security in a timely manner or at all. If our lenders enforce these restrictive covenants or exercise their options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered and lenders may demand the payment of the entire outstanding amount and this in turn may also affect our further borrowing abilities thereby adversely affecting our business and operations. For further details, please refer to the chapter titled — “*Financial Indebtedness*” on page 296 of this Draft Red Herring Prospectus.

- 39. *Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

Upon completion of this Issue, our Promoters and members of our Promoter Group will collectively hold [●]% of the Equity share capital of our Company. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders’ approval. Accordingly, our Promoters will continue to retain significant control, including being able to control the composition of our Board of Directors, determine decisions requiring simple or special majority voting of shareholders, undertaking sale of all or substantially all of our assets, timing and distribution of dividends and termination of appointment of our officers, and our other shareholders may be unable to affect the outcome of such voting. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. Further, such control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company’s best interest. The interests of our Promoters could conflict with the interests of our other

equity shareholders, and our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

**40. *The average cost of acquisition of Equity Shares held by our Promoters could be lower than the Issue Price.***

Our Promoters' average cost of acquisition of Equity Shares in our Company may be lower than the Issue Price as may be decided by the Company, in consultation with the Book Running Lead Manager. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to the chapter titled "Capital Structure" on page 81 of this Draft Red Herring Prospectus.

**41. *Our future fund requirements, in the form of further 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 further issue of Equity 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 favorable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

**42. *We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.***

As of March 31, 2020, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Information aggregated to ₹ 616.43 lacs. The details of our contingent liabilities are as follows:

| (₹ in lacs)  |               |
|--|---------------|
| Particulars  | Amount        |
| Demand notice from commissioner of central tax (Service tax) | 559.21        |
| Outstanding Bank Guarantees                                  | 57.22         |
| <b>Total</b>   | <b>616.43</b> |

For further details of contingent liability, see the section titled — "Financial Information" on page 232 of this Draft Red Herring Prospectus. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

**43. *Our wholly owned Subsidiary has incurred losses in the past.***

Our Subsidiary has incurred losses in the past, details of which are as under:

| Name of the entity | Profit/(Loss)  |                |                |
|--------------------|----------------|----------------|----------------|
|                    | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Sigachi US Inc     | 9,210          | -77,250        | -84,599        |

There can be no assurance that our Subsidiary will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses. Such losses incurred by our Subsidiary may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation.

**44. *Our Subsidiary has a negative Net Worth.***

Our Subsidiary, Sigachi US., Inc. has negative Net Worth due to losses incurred as stated in the earlier risk factor, details of which are provided below:

| Name of the entity | Net Worth      |                |                |
|--------------------|----------------|----------------|----------------|
|                    | March 31, 2020 | March 31, 2019 | March 31, 2018 |
| Sigachi US., Inc.  | -1,32,509      | -1,47,019      | -64,599        |

There can be no assurance that our Subsidiary will incur negative Net Worth in the future as well.

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

As of March 31, 2020, we have entered into several related party transactions with our Promoters, individuals and entities forming a part of our promoter group and our Subsidiary relating to our operations. In addition, we have in the past also entered into transactions with other related parties. Our Company has entered into related party transactions for the Fiscal ended March 31, 2020. For further details, please refer to the chapter titled — “*Restated Financial Information- Annexure VI- Notes to Restated Financial Statements- Note 32- Related Party Transactions*” at page 272.

While we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

**46. *Our agreements with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.***

We have entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans from third parties, undertake guarantee obligations on behalf of any other borrower, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled — “*Financial Indebtedness*” on page 296 of this Draft Red Herring Prospectus.

Further, some of our financing arrangements include covenants to maintain our total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company’s financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition.

It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest.

**47. *Our Subsidiary has availed certain unsecured loans which may be recalled at any time.***

Our Subsidiary has availed certain unsecured loans of which an amount of US\$ 1,35,000 (₹ 99.26 lacs) is outstanding as on September 18, 2020, which may be recalled at any time. In the event, any of such unsecured lenders seek a repayment of any these loans, our Subsidiary would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If our Subsidiary is unable to arrange for any such financing arrangements, our Company will have to provide the necessary funds to our Subsidiary to replay such loans which might affect our financial condition thereby leading to shortage of resources for our business and lack of adequate working capital to undertake new projects or complete our ongoing projects. Therefore, any such demand may adversely affect our business, financial condition and results of operations. For further details, see “*Financial Indebtedness*” on page 296 of this Letter of Offer.



- 48. *In addition to our existing indebtedness for our existing operations, we may incur further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.***

As on March 31, 2020 our Company's total fund based indebtedness is ₹ 2,464.27 lacs. In addition to the indebtedness for our existing operations, we may incur further indebtedness during the course of our business. We cannot assure you that we will be able to obtain further loans at favorable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled — “*Financial Indebtedness*” on page 296 of this Draft Red Herring Prospectus.

- 49. *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 97 of this Draft Red Herring Prospectus.

- 50. *Our success largely depends upon the knowledge and experience of our Promoters, Directors and our Key Managerial Personnel. Loss of any of our Directors and key managerial personnel or our ability to attract and retain them could adversely affect our business, operations and financial condition.***

Our Company depends on the management skills and guidance of our Promoters and Directors for development of business strategies, monitoring its successful implementation and meeting future challenges. Further, we also significantly depend on the expertise, experience and continued efforts of our Key Managerial Personnel. Some of our Directors have been associated with our Company since inception and have been integral to the growth and in the success of our Company. Our future performance will depend largely on our ability to retain the continued service of our management team. If one or more of our Directors or Key Managerial Personnel are unable or unwilling to continue in his/ her present position, it could be difficult for us to find a suitable or timely replacement and our business could be adversely affected. There is significant competition for management and other skilled personnel in the industry in which we operate, and it may be difficult to attract and retain the personnel we require in the future. There can be no assurance that our competitors will not offer better compensation packages and incentives to such Key Managerial Personnel. In the event we are not able to attract and retain talented employees, as required for conducting our business, or we experience high attrition levels which are largely out of our control, or if we are unable to motivate and retain existing employees, our business, financial condition and operations may be adversely affected. For further details on our Directors and Key Managerial Personnel, please refer to the chapter titled — “*Our Management*” on page 202 of this Draft Red Herring Prospectus.

- 51. *Non-compliance with and changes in, safety, health, labour and environmental laws and other***

***applicable regulations, may adversely affect our business, results of operations and financial condition.***

Our Company is engaged in the business of manufacturing MCC of various grades wherein wood pulp sheets is the key and primary raw material. Due to the use of wood based products, our manufacturing activities are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forest of Government of India, the State Forest Policy, State Pollution Control Board and Central Empowered Committee. These include laws and regulations relating to cutting of trees, discharge of effluents, polluted emissions, hazardous substances etc. For further details please refer to the chapter titled “*Key Industry Regulations and Policies*” on page 181 of this Draft Red Herring Prospectus.

There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. There can be instances in the future, where our Company may be forced to halt our business operations in our manufacturing units on receiving adverse orders from state pollution control boards. We cannot assure you that there will not be any instances in the future wherein our Company will not be forced to halt the operations in its manufacturing units due to not complying with the applicable laws and such events will not cause loss of revenue and have an adverse impact on our business operations.

India has stringent labour legislations which protect the interest of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution, working conditions, hiring and termination of employees, contract labour and work permits and maintenance of regulatory and statutory records and making periodic payments, minimum wages and maximum working hours, overtime, working conditions, etc.

Our Company is also subject to safety, health and environment laws and regulations such as the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981. These laws and regulations impose controls on our Company’s safety standards, and other aspects of its operations. Our Company has incurred and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, our Company has made and expects to continue to make capital expenditures on an on-going basis to comply with the safety and health laws and regulations. Our Company may be liable to the Central and State governmental bodies with respect to its failures to comply with applicable laws and regulations. Further, the adoption of new safety and health laws and regulations, new interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that our Company make additional capital expenditures or incur additional operating expenses in order to maintain its current operations or take other actions that could adversely affect its financial condition, results of operations and cash flow. Safety, health and environmental laws and regulations in India and all around the world, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. The costs of complying with these requirements could be significant and may have an impact on our financial condition. Therefore, if there is any failure by us to comply with the terms of the laws and regulations governing our operations we may be involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations.

- 52. Our Company is highly dependent on skilled contract labour for manufacturing of our products. Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees. If we are unable to continue to hire skilled contract labour, the quality of our products being manufactured in our units can get affected.***

Our operations are significantly dependent on access to a large pool of contract laborers for operation of our manufacturing unit. As of August 31, 2020, while we had 729 permanent full time employees, we also employed contract laborers under the Contract Labour (Regulation and Abolition) Act, 1970. The number of contract labourers employed by us varies from time to time based on the nature and extent of work in which we are involved. Our dependence on such contract labour may result in significant risks for our operations, relating to the availability and skill of such contract labourers, as well as contingencies affecting availability of such contract laborers during peak periods. Further, our

manufacturing unit and our proposed manufacturing unit are surrounded by a number of industries, which may create a demand-supply gap in the labour industry which may impact our business operations. There can be no assurance that we will have adequate access to skilled workmen at reasonable rates. As a result, we may be required to incur additional costs to ensure timely execution of our projects. In addition to the above, in view of the ongoing pandemic and the lockdown which was imposed by several State and Central Governments, there is an acute shortage of unskilled laborers, since most of the unskilled workers have returned to their native places due to the widening income gap and lack of adequate resources to sustain their livelihood. In the event, we are unable to source adequate numbers of unskilled laborers for our manufacturing units or if we are exposed to an increased expense due to the surge in the wages of unskilled laborers we cannot assure you that it will not impact our business operations and financial condition. Due to the increase in the wages charged by the laborers, we may have to increase the cost of our product which would directly impact our distribution intermediaries and our end use customers. In these grim times where the world is facing a health crisis due to the ongoing pandemic, the pharmaceutical industry all over the world is expecting an increase in demand which would directly increase the demand of our products due to their usage as an excipient for finished dosages in this industry. In the event, we are unable to deploy the required number of labourers to run our manufacturing units for addressing such increased demand of our products, we might not be able to efficiently and timely satisfy the demand of our customers.

As of August 31, 2020, while we had 729 permanent full time employees, we also employed contract laborers to carry out our manufacturing processes under the Contract Labour (Regulation and Abolition) Act, 1970. We believe our employees and unskilled labour employed in our manufacturing unit are critical to maintain our competitive position. Although we have not experienced any material labour unrest, we cannot assure you that we will not experience disruptions in work or our retail operations due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations.

Our Company appoints independent contractors who in turn engage on-site contract labourers for carrying out the manufacturing process. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent workmen. Thus, any such order from a regulatory body or court may adverse effect on our business, results of operations and financial condition. In addition, on an application made by contract labourers, an Industrial court or Tribunal may direct that the contract labourers shall be regularized or absorbed or the State Government may altogether prohibit the employment of contract labour. If either of the abovementioned events occur, we may be required to induct such labourers on our payroll, as employees, which may result in an increase in our expenses. Further, even though we have obtained all necessary approvals as required under the statutes there can be no assurance that we may continue to hold such permits, licenses or approvals. In the event of cancellation or non-renewal of our approvals it may cause an interruption of our operations and may adversely affect our business, financial condition and future results of operations. Furthermore, all contract labourers engaged in our projects receive minimum wages that are fixed by the relevant State governments, and any increase in such minimum wages payable may adversely affect our results of operations.

**53. *Our operations can be adversely affected in case of industrial accidents at our manufacturing unit. Further, any fire or mishap or accidents of such nature at the Company's facilities could lead to accident claims and damage and loss of property, inventory, raw materials, etc.***

Our manufacturing process requires the use of heavy machines, which makes the labour employed at our manufacturing unit prone to accidents that occur during the course of our operations resulting in personal injuries causing permanent disability or even death. Although, we have availed public liability (industrial risks) policy, public liability industrial policy and public liability (act only) policy, we cannot assure you that we will be able to receive a claim from these policies, failing which we will have to provide the compensation to the employees from our own resources. Our Company has adopted adequate safety measures, we cannot assure you that, in the future no such cases will be instituted against our Company, alleging that we were negligent or we did not provide adequate

supervision therefore, holding us liable for injuries that were suffered during the manufacture of our products. In the event any such accidents take place in the manufacturing unit of our Company, we may get involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations.

Our key raw material used in our manufacturing process is wood, which is highly flammable in nature, every stage from procurement, processing, storage and transportation to trading is fraught with an imminent risk of loss by fire. Further, with the use of chemicals, boilers, large volume of air for material handling, etc. the risk of fire hazard increases exponentially. The stocks of finished goods, raw materials, godowns and the main manufacturing area are more prone to such accidents, which could cause substantial loss to our machinery, thus hampering our business operations. Although, we have taken appropriate insurance cover for protecting our manufacturing unit from such losses caused by fire, there can be no assurance that our insurance policies will be adequate to cover the losses. If there occurs an accident or mishap due to fire, it could adversely affect our results of operations and financial position.

**54. *Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.***

Our operations are subject to inherent risks and hazards which may adversely impact our profitability, such as breakdown, malfunctions, sub-standard performance or failures of manufacturing equipment, fire, riots, third party liability claims, loss-in-transit for our products, accidents and natural disasters. Presently, we maintain insurance cover against loss or damage by burglary, business interruption by fire, earthquake, terrorism, spoilage, impact damage due to road or rail services, etc., by availing burglar insurance policy, boiler and pressure plant policy, business interruption (fire) insurance policy, machinery insurance policy, standard fire and special perils policy, fire insurance policy, machinery (engineering) insurance policy. We have also insured our employees by availing public liability (industrial risks) policy, public liability industrial policy and public liability (act only) policy. The said policies insure us against loss or damage caused by burglary, fire, earthquake etc. and insure *inter alia* our godown, plant and machinery, accessories, furniture, fixture and fittings, goods, etc. There are many events that could cause significant damages to our operations, or expose us to third-party liabilities, whether or not known to us, for which we may not be insured or adequately insured, which in turn may expose us to certain risks and liabilities. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our results of operations and financial position.

**55. *Our Company is subject to foreign exchange control regulations which can pose a risk of currency fluctuations.***

Our Company is involved in various business transactions with international clients and has to conduct the same in accordance with the rules and regulations prescribed under FEMA. Due to non-receipt of such payments in a timely manner, our Company may fail to adhere to the prescribed timelines and may be required to pay penalty to the appropriate authority or department to regularize the payment. Similarly, due to our sacrosanct reliance on our primary raw material being wood pulp we are exposed to a risk of increase in costs of raw materials due to the currency fluctuations. Further, our international operations (export sales) make us susceptible to the risk of currency fluctuations, which may directly affect our operating results. In case we are unable to adhere to the timelines prescribed under the applicable laws or are unable to mitigate the risk of currency fluctuation, it could adversely affect our business, results of operations, financial conditions and cash flows.

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

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive and we are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend

policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. Although our Company has declared dividends in the past, however there can be no assurance that our Company will declare dividends in the future also. For further details, please refer to the chapter titled “*Dividend Policy*” and the chapter titled “*Financial Indebtedness*” on pages 231 and 296 respectively, of this Draft Red Herring Prospectus.

**57. *Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.***

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. An increase in product losses due to such factors at our place of operation may require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. In addition, if we file claims under an insurance policy it could lead to increases in the insurance premiums payable by us or the termination of coverage under the relevant policy.

**58. *The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled “Objects of the Issue”.***

As the issue size shall be less than ₹10,000 lacs, under Regulation 41 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilisation of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilisation of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same. For further details, please refer to the chapter titled — “*Objects of the Issue*” on page 97 of this Draft Red Herring Prospectus.

**59. *Some agreements entered into by our Company with various parties are not adequately stamped and registered. The said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done.***

Some of the leave and license and lease deeds/agreements entered into by our Company with various parties for our leasehold properties are not adequately stamped and registered. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, and the registration of such agreements has been done with the relevant authorities. As on the date of this Draft Red Herring Prospectus, our Company has not initiated / been party to any litigation in this regard. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company.

**60. *We have commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data provided in the same and such data has not been independently verified by us.***

We have commissioned an industry report titled “*Research Report on Microcrystalline Cellulose Industry*” issued by “*CARE*” for the disclosures which need to be made in the chapter titled “*Industry Overview*” of this Draft Red Herring Prospectus. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our

position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the industry data mentioned in this Draft Red Herring Prospectus or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Red Herring Prospectus in this context.

## ISSUE SPECIFIC RISKS

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

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares is proposed to be determined through a Book Building Process in accordance with the SEBI ICDR Regulations and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in securities markets in jurisdictions other than India, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors.

- 62. *The Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.***

The Issue Price of the Equity Shares will be determined by our Company in consultation with the BRLM through the Book Building Process. This price will be based on numerous factors, as described under “Basis for Issue Price” on page 140 of this Draft Red Herring Prospectus and may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that as an investor you will be able to sell their Equity Shares at or above the Issue Price.

- 63. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoters or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

- 64. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has

fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**65. *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 sale of Equity Shares might occur.

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

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**67. *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.

**68. *There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.***

Our listed Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

**69. *Any issuance or sale of the Equity Shares by any existing shareholder could significantly affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

**70. *The Equity Shares issued pursuant to the Issue may not be listed on BSE and NSE in a timely manner, or at all, and any trading closures at BSE and NSE may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted and there could therefore be a failure or delay in listing the Equity Shares on BSE and NSE. Any failure or delay in obtaining such approval would restrict your ability to dispose of your Equity Shares. BSE and NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including our Equity Shares. A closure of, or trading stoppage on BSE and NSE could adversely affect the trading price of the Equity Shares.

**71. *There is no existing market for our Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Further, an active trading market for the Equity Shares may not develop and the price of the Equity Shares may be volatile.***

An active public trading market for the Equity Shares may not develop or, if it develops, may not be maintained after the Issue. Our Company, in consultation with the BRLM, will determine the Issue Price. The Issue Price may be higher than the trading price of our Equity Shares following this Issue. As a result, investors may not be able to sell their Equity Shares at or above the Issue Price or at the time that they would like to sell. The trading price of the Equity Shares after the Issue may be subject to significant fluctuations in response to factors such as, variations in our results of operations, market conditions specific to the sectors in which we operate economic conditions of India and volatility of the BSE, NSE and securities markets elsewhere in the world.

**72. *The price of the Equity Shares may be highly volatile after the Issue.***

The price of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors and the perception in the market about investments in the excipient industry; adverse media reports on us or the Indian excipient industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently.

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

The Equity Shares will be listed on the BSE and the NSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Upon receipt of final approval from the Stock Exchanges, trading in the Equity Shares is to commence within six (6) working days of the date of closure of the Issue or such other time as may be prescribed by SEBI. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time period prescribed by law. Further, there can be no assurance that the Equity Shares to be Allotted pursuant to this Issue will be listed on the Stock Exchanges in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of the equity shares.

## **EXTERNAL RISK FACTORS**

**74. *The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.***

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable



disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus and no government-certified treatment or vaccine is available. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the Novel Coronavirus further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact Novel Coronavirus may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of Novel Coronavirus or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which Novel Coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further due to the rising number of infected cases of COVID-19 in the country, there is no certainty if additional restrictions will be put back in place or if another lockdown would be re-imposed to control the spread of the pandemic and this could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

Further, our ability to ensure the safety of our workforce and continuity of operations while confirming with measures implemented by the central and state governments in relation to the health and safety of our employees may result in increased costs. In the event a member or members of our senior management team contract COVID-19, it may potentially affect our operations. Further, in the event any of our employees contract COVID-19, we may be required to quarantine our employees and shut down a part of or the entire manufacturing facility or our offices as necessary. Risks arising on account of COVID-19 can also threaten the safe operation of our facility, offices, loss of life, injuries and impact the well-being of our employees.

- 75. Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and consider material to their assessment of our financial condition.**

Our restated summary statements of assets and liabilities as at March 31, 2020 and restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Fiscals 2020 have been prepared in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated Financial Information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. 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.

***76. Political, economic or other factors that are beyond our control may have adversely affect our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

***77. The requirements of being a listed company may strain our resources.***

We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing compliances and reporting requirements to the Stock Exchanges, which require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

Further, as a listed company we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures

and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could affect our business, prospects, results of operations and financial condition and the price of our Equity Shares. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely manner.

**78. *A slowdown in economic growth in India could cause our business to suffer.***

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including India's neighboring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

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

- the General Anti Avoidance Rules ("GAAR") have been made effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- a comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 1, 2017. We cannot

provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

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

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

**80. *Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.***

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions,

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

***81. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

***82. 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.***

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, 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.

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

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

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax (“**GST**”) regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2021 and the Ministry of Finance has notified the Finance Act, 2020 (“**Finance Act**”) on March 27, 2020, pursuant to assent received from the President, and the Finance Act will come into operation with effect from July 1, 2020. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 (“**Bill**”) has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

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

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

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

**86. *We are subject to regulatory, economic, social and political uncertainties and other factors beyond our control.***

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations may include:

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries;
- hostile or war like situations with the neighboring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.
- Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in western India, hence any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

**87. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of Novel Coronavirus has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

## SECTION III – INTRODUCTION

### THE ISSUE

Following table summarizes the present Issue in terms of this Draft Red Herring Prospectus:

| Particulars  | Details of Equity Shares  |
|--|---|
| Issue of Equity Shares <sup>1)</sup>   | Upto 28,41,500 Equity Shares of face value of ₹ 10 each fully paid-up of our Company for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] lacs. <sup>2)</sup> |
| <i>of which:</i>   |   |
| <b>A. QIB Portion</b> <sup>3) 4)</sup>   | Not more than [●] Equity Shares   |
| <i>of which</i>  |   |
| Anchor Investor Portion  | Upto [●] Equity Shares  |
| Net QIB Portion i.e. balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | Upto [●] Equity Shares  |
| <i>of which:</i>   |   |
| Available for allocation to Mutual Funds only ([●]% of the Net QIB Portion (excluding the Anchor Investor Portion))                              | Upto [●] Equity Shares  |
| Balance for all QIBs including Mutual Funds  | Upto [●] Equity Shares  |
| <b>B. Non-Institutional Portion</b> <sup>3)</sup>  | Not less than [●] Equity Shares   |
| <b>C. Retail Portion</b> <sup>3)</sup>   | Not less than [●] Equity Shares   |
| <b>Pre and Post-Issue Equity Shares</b>  |   |
| Equity Shares outstanding prior to the Issue   | 76,82,500 Equity Shares   |
| Equity Shares outstanding after the Issue  | 1,05,24,000 Equity Shares   |
| Use of Net proceeds of this Issue  | Please refer the chapter titled “Objects of the Issue” on page 97 of this Draft Red Herring Prospectus.   |

<sup>1)</sup> This Issue is being made in terms of Regulation 6(1) of Chapter II of the SEBI (ICDR) Regulations. For further details, please refer to section titled “Issue Information” on page 328 of this Draft Red Herring Prospectus. Our Company, in consultation with the BRLM, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue will be reduced to the extent of such Pre-IPO Placement, subject to the Issue constituting at least 25% of the post-Offer paid up equity share capital of our Company.

<sup>2)</sup> The present Issue has been authorised pursuant to a resolution passed by our Board at its meeting held on December 10, 2019 and by our Shareholders by way of a special resolution passed pursuant to Section 62(1) (c) of the Companies Act, 2013 at the EGM held on January 09, 2020.

<sup>3)</sup> Subject to valid bids being received, not less than [●]% of the Issue shall be allocated on a proportionate basis to Non-Institutional Bidders and not less than [●]% of the Issue shall be allocated 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, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the Book Running Lead Manager and the Designated Stock Exchange, subject to applicable laws.

<sup>4)</sup> Our Company in consultation with the BRLM, may allocate upto [●]% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations, at the Anchor Investor Issue Price. 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 which price shall be determined by the Company in consultation with the BRLM. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added back to the Net QIB Portion. [●]% 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 (other than Anchor Investors), 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 the chapter titled “Terms of the Issue”, “Issue Structure” and “Issue Procedure” beginning on pages 328, 334 and 337 of this DRHP.

In the event of oversubscription, Allotment shall be made on a proportionate basis, subject to valid bids received at or above the Issue Price, in consultation with the Designated Stock Exchange and in accordance with SEBI (ICDR) Regulations.



Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis, subject to valid Bids received at or above the Issue Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see “*Issue Procedure*” beginning on page 337 of this Draft Red Herring Prospectus.

For details of the terms of the Issue, see “*Terms of the Issue*” beginning on page 328 of this Draft Red Herring Prospectus.

## SUMMARY OF FINANCIAL INFORMATION

*The following tables provide the summary financial information of our Company derived from the Restated Consolidated Financial Information as at and for the Fiscals 2020, 2019 and 2018. The Restated Consolidated Financial Information referred to above is presented under the section titled “Financial Information” on page 232. The summary financial information presented below should be read in conjunction with the Restated Consolidated Financial Information, the notes thereto and the sections titled “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 232 and 284, respectively.*

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**Restated Consolidated Summary of Assets and Liabilities**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars                          | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |                   |
| <b>Non-current assets</b>            |      |                   |                   |                   |
| Property, plant and equipment        | 3    | 3,122.93          | 2,810.68          | 2,588.61          |
| Capital work-in-progress             | 4    | 313.26            | 228.61            | 69.26             |
| Other Intangible Assets              | 3    | 36.51             | 40.91             | -                 |
| Financial assets                     |      |                   |                   |                   |
| Investments                          | 5    | -                 | -                 | 6.05              |
| Other financial assets               | 6    | 134.54            | 105.91            | 93.37             |
| Other non-current assets             | 7    | 100.04            | 32.13             | 27.78             |
| <b>Total non-current assets</b>      |      | <b>3,707.28</b>   | <b>3,218.23</b>   | <b>2,785.06</b>   |
| <b>Current assets</b>                |      |                   |                   |                   |
| Inventories                          | 8    | 2,792.42          | 2,256.18          | 1,597.37          |
| Financial assets                     |      |                   |                   |                   |
| Trade receivables                    | 9    | 2,760.23          | 2,470.47          | 2,119.34          |
| Cash and cash equivalents            | 10   | 875.61            | 122.09            | 98.64             |
| Other bank balances                  | 11   | 183.37            | 91.14             | 158.07            |
| Other financial assets               | 12   | 463.17            | 827.37            | 422.40            |
| Other current assets                 | 13   | 132.32            | 160.769           | 47.95             |
| <b>Total current assets</b>          |      | <b>7,207.12</b>   | <b>5,928.02</b>   | <b>4,443.76</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>10,914.39</b>  | <b>9,146.25</b>   | <b>7,228.82</b>   |
| <b>EQUITY AND LIABILITIES</b>        |      |                   |                   |                   |
| <b>Equity</b>                        |      |                   |                   |                   |
| Equity share capital                 | 14   | 768.25            | 307.30            | 307.30            |
| Other equity                         |      | 5,690.27          | 4,180.97          | 2,326.83          |
| <b>Total Equity</b>                  |      | <b>6,458.52</b>   | <b>4,488.27</b>   | <b>2,634.13</b>   |
| <b>Liabilities</b>                   |      |                   |                   |                   |
| <b>Non-current liabilities</b>       |      |                   |                   |                   |
| Financial liabilities                |      |                   |                   |                   |
| Borrowings                           | 15   | 190.99            | 123.40            | 333.43            |
| Provisions                           | 16   | 70.65             | 54.20             | 57.71             |
| Deferred tax liabilities (net)       | 17   | 285.07            | 268.84            | 206.89            |
| <b>Total non-current liabilities</b> |      | <b>546.71</b>     | <b>446.44</b>     | <b>598.03</b>     |
| <b>Current liabilities</b>           |      |                   |                   |                   |
| Financial liabilities                |      |                   |                   |                   |

| Particulars   | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|------|-------------------|-------------------|-------------------|
| Borrowings  | 18   | 2,703.34          | 2,202.57          | 2,501.32          |
| Trade payables  |      |                   |                   |                   |
| i)Total outstanding dues of micro and small enterprises                       | 19   | -                 | -                 | -                 |
| ii)Total outstanding dues of creditors other than micro and small enterprises |      | 723.14            | 884.41            | 835.89            |
| Other financial liabilities   | 20   | 143.61            | 193.13            | 206.17            |
| Other current liabilities   | 21   | 326.22            | 497.25            | 279.05            |
| Provisions  | 22   | 12.86             | 434.18            | 174.24            |
| <b>Total current liabilities</b>  |      | <b>3,909.17</b>   | <b>4,211.54</b>   | <b>3,996.66</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <b>10,914.39</b>  | <b>9,146.25</b>   | <b>7,228.82</b>   |

**Restated Consolidated Summary Statement of Profit & Loss Account**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars  | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|------|-------------------|-------------------|-------------------|
| Revenue from operations  | 23   | 13,906.26         | 12,898.81         | 10,073.00         |
| Other income   | 24   | 488.64            | 388.96            | 305.49            |
| <b>Total income</b>  |      | <b>14,394.90</b>  | <b>13,287.77</b>  | <b>10,378.49</b>  |
| <b>Expenses</b>  |      |                   |                   |                   |
| Cost of materials consumed   | 25   | 7,403.26          | 7,024.75          | 6,065.27          |
| Changes in inventories of finished goods, work in progress and stock in trade  | 26   | (194.38)          | (346.83)          | (184.50)          |
| Employee benefit expenses  | 27   | 1475.07           | 1,236.79          | 894.12            |
| Finance costs  | 28   | 234.47            | 345.09            | 379.01            |
| Depreciation and amortization expense  | 3    | 195.70            | 167.19            | 139.29            |
| Other expenses   | 29   | 2746.39           | 2,387.94          | 2,124.99          |
| <b>Total expenses</b>  |      | <b>11,860.51</b>  | <b>10,814.93</b>  | <b>9,418.19</b>   |
| <b>Profit/(loss) before extraordinary, exceptional items and tax</b>   |      | <b>2,534.39</b>   | <b>2,472.84</b>   | <b>960.30</b>     |
| <b>Extraordinary items</b>   |      | -                 | -                 | -                 |
| <b>Exceptional items</b>   |      | -                 | -                 | -                 |
| <b>Profit/(loss) before tax</b>  |      | <b>2,534.39</b>   | <b>2,472.84</b>   | <b>960.30</b>     |
| Tax expense  |      |                   |                   |                   |
| (i) Current tax  | 31   | 486.48            | 509.61            | 272.00            |
| (ii) Deferred tax  | 31   | 16.35             | 61.95             | (3.94)            |
| <b>Profit/(loss) for the period from continuing operations</b>   |      | <b>2,031.55</b>   | <b>1,901.27</b>   | <b>692.24</b>     |
| <b>Profit/(loss) for the period from discontinued operations</b>   |      | -                 | -                 | -                 |
| Tax expense of discontinued operations   |      | -                 | -                 | -                 |
| <b>Profit/(loss) for the period from Discontinued operations(after tax)</b>  |      | -                 | -                 | -                 |
| <b>Profit/(loss) for the period</b>  |      | <b>2,031.55</b>   | <b>1,901.27</b>   | <b>692.24</b>     |
| <b>Other comprehensive income</b>  |      |                   |                   |                   |
| <b>A.</b>  |      |                   |                   |                   |
| i) Items that will not be reclassified to profit and loss  | 32   | (0.40)            | 7.58              | 4.96              |
| ii) Income tax relating to items that will not be reclassified to profit or loss   | 32   | 0.12              | (1.89)            | (1.38)            |
| <b>B.</b>  |      |                   |                   |                   |
| i) Items that will be reclassified to profit and loss  |      | (20.61)           | (18.67)           | -                 |
| ii) Income tax relating to items that will be reclassified to profit or loss   |      | -                 | -                 | -                 |
| <b>Total Other Comprehensive Income</b>  |      | <b>(20.89)</b>    | <b>(12.98)</b>    | <b>3.58</b>       |
| <b>Total Comprehensive income for the period (Comprising profit(Loss) and other comprehensive Income for the period)</b> |      | <b>2,010.67</b>   | <b>1,888.29</b>   | <b>695.82</b>     |
| <b>Earnings per equity share(for continuing Operation)</b>   |      |                   |                   |                   |

| Particulars   | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|------|-------------------|-------------------|-------------------|
| 1) Basic  | 33   | 26.44             | 24.75             | 9.01              |
| 2) Diluted  | 33   | 26.44             | 24.75             | 9.01              |
| <b>Earnings per equity share(for discontinued Operation)</b>                          |      |                   |                   |                   |
| 1) Basic  |      | -                 | -                 | -                 |
| 2) Diluted  |      | -                 | -                 | -                 |
| <b>Earnings per equity share(for discontinued Operation and continuing operation)</b> |      |                   |                   |                   |
| 1) Basic  |      | 26.44             | 24.75             | 9.01              |
| 2) Diluted  |      | 26.44             | 24.75             | 9.01              |

# Restated Consolidated Summary Statement of Cash Flows

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|-------------------|-------------------|-------------------|
| <b>Cash flows from operating activities</b>   |                   |                   |                   |
| Profit/(loss) before tax  | 2,534.39          | 2,472.84          | 960.30            |
| <b>Adjustments to reconcile net loss to net cash provided by operating activities</b> |                   |                   |                   |
| Depreciation and amortisation   | 195.70            | 167.19            | 139.29            |
| (Profit)/loss on sale of fixed assets   | -                 | 4.34              | 2.38              |
| Scrap sales   | (0.07)            | (6.86)            | -                 |
| Forex difference  | (20.61)           | (18.67)           | -                 |
| Gratuity and compensated absence  | (0.40)            | 7.58              | 4.96              |
| Finance costs   | 234.47            | 345.09            | 379.01            |
| Interest income   | (6.71)            | (8.76)            | (8.62)            |
| <b>Changes in Current assets and Current liabilities</b>                              |                   |                   |                   |
| Inventories   | (536.24)          | (658.81)          | (151.49)          |
| Trade receivables   | (289.76)          | (440.37)          | (674.33)          |
| Trade payables  | (161.27)          | 48.52             | 45.81             |
| Other assets  | 392.65            | (428.56)          | (89.48)           |
| Other liabilities   | (641.88)          | 465.10            | 288.14            |
| <b>Cash generated from operations</b>   | <b>1,700.28</b>   | <b>1,948.63</b>   | <b>895.98</b>     |
| Income taxes paid   | (486.48)          | (509.61)          | (272.00)          |
| Cash flow from non operating activities -Scrap sale                                   | 0.07              | 6.86              | -                 |
| <b>Net cash flow from operating activities (A)</b>                                    | <b>1,213.86</b>   | <b>1,445.88</b>   | <b>623.98</b>     |
| <b>Cash flows from investing activities</b>   |                   |                   |                   |
| Purchase of property, plant and equipment   | (592.59)          | (593.85)          | (446.32)          |
| Interest income   | 6.71              | 8.76              | 8.62              |
| Investments   | -                 | 6.05              | 3.98              |
| Other assets  | (96.54)           | (16.89)           | 54.51             |
| <b>Net cash flow used in investing activities (B)</b>                                 | <b>(682.41)</b>   | <b>(595.93)</b>   | <b>(379.20)</b>   |
| <b>Cash flow from financing activities</b>  |                   |                   |                   |
| Proceeds/(Repayment) of long-term borrowings (net)                                    | 67.59             | (210.03)          | (56.57)           |
| Proceeds/(Repayment) of short-term borrowings (net)                                   | 500.77            | (298.75)          | 144.26            |
| Finance costs   | (234.47)          | (345.09)          | (379.01)          |
| Dividend and DDT  | (36.05)           | (36.05)           | (36.11)           |

| Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|-------------------|-------------------|-------------------|
| Other liabilities  | 16.45             | (3.51)            | 11.86             |
| <b>Net cash flow (used in)/from financing activities (C)</b> | <b>314.29</b>     | <b>(893.42)</b>   | <b>(315.58)</b>   |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>     | <b>845.74</b>     | <b>(43.47)</b>    | <b>(70.80)</b>    |
| Cash and cash equivalents at the beginning of the year       | 213.24            | 256.70            | 327.51            |
| <b>Cash and cash equivalents at the end of the year</b>      | <b>1,058.98</b>   | <b>213.24</b>     | <b>256.70</b>     |



## GENERAL INFORMATION

Our Company was incorporated as '*Sigachi Chloro-Chemicals Private Limited*' on January 11, 1989 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh. With an intention to diversify our business activities, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated March 10, 2012, the name of our Company was changed to '*Sigachi Industries Private Limited*' and a fresh certificate of incorporation dated March 29, 2012 consequent to such name change was issued to our Company by the Registrar of Companies, Andhra Pradesh. Subsequently, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated November 21, 2019 our Company was converted from a private limited company to a public limited company and consequently the name of our Company was changed to '*Sigachi Industries Limited*', and a fresh certificate of incorporation dated December 09, 2019 was issued to our Company by the Registrar of Companies, Telangana at Hyderabad. The corporate identification number of our Company is U24110TG1989PLC009497.

### Registered Office of our Company

#### **Sigachi Industries Limited**

229/1 & 90, 4<sup>th</sup> floor,  
Kalyan's Tulsiram Chambers  
Madinaguda, Hyderabad- 500 049,  
Telangana, India

**Registration Number:** 0109497

**Telephone:** +91 040 4011 4874/75/76

**E-mail:** [cs@sigachi.com](mailto:cs@sigachi.com)

**Investor grievance id:** [investors@sigachi.com](mailto:investors@sigachi.com)

**Website:** [www.sigachi.com](http://www.sigachi.com)

**CIN:** U24110TG1989PLC009497

### Registrar of Companies

Our Company is registered with the Registrar of Companies, Telangana situated at the following address:

#### **Registrar of Companies, Telangana**

2<sup>nd</sup> floor, Corporate Bhawan,  
GSI Post, Tattiannaram Nagole,  
Bandlaguda Hyderabad - 500 068,  
Telangana, India.

### Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Red Herring Prospectus:

| Name                              | Designation                                   | DIN      | Address  |
|-----------------------------------|---|----------|--|
| Swami Das Nigam                   | Chairman and Non-Executive Director           | 02669472 | 2473, Sector C-2, Vasant Kunj, South West Delhi, Delhi- 110 070, India.  |
| Rabindra Prasad Sinha             | Whole-time Director                           | 00413448 | Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Tirumalagiri, Hyderabad -500 049, Telangana, India                               |
| Chidambarnathan<br>Shanmuganathan | Whole-time Director                           | 00485497 | Plot number 33, HIG Phase -II, Ushodaya Enclave, Reliance Fresh, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad - 500 049, Telangana, India. |
| Amit Raj Sinha                    | Managing Director and Chief Executive Officer | 01263292 | Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad -500 049, Telangana, India               |
| Vijaykumar Amrutlal Bhavsar       | Whole-time Director                           | 01768165 | 4 Maurya Haxed Bungalows, near Navkar Flats, 132 Foot Ring Road, Naranpura, Ahmedabad- 380 013, Gujarat, India.  |

| <b>Name</b>                 | <b>Designation</b>                | <b>DIN</b> | <b>Address</b>  |
|-----------------------------|-----------------------------------|------------|---|
| Kanika Singal               | Independent Director              | 07295273   | 140, South Park Apartments, Kalakji, New Delhi- 110 019, India.   |
| Lijo Stephen Chacko         | Independent Director              | 07593064   | B5, Kamala Mansion, 10-11, Connaught Road, Kamalabai School, Bangalore G.P.O, Bangalore- 560 001, Karnataka, India.   |
| Sarveswara Reddy Sanivarapu | Additional (Independent) Director | 00459605   | 8-2-603/23/20 and 21 Flat No. 402, HSR Tulips, Road No. 10 opposite IAS and IPS quarters, Banjara Hills, Khairatabad, Hyderabad- 500 034, Telangana, India. |

For detailed profile of our Directors, please refer to the chapter titled “*Our Management*” on page 202 of the Draft Red Herring Prospectus.

### **Chief Financial Officer**

Subbarami Reddy Oruganti, is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

229/1 & 90, 4th floor,  
Kalyan’s Tulsiram Chambers  
Madinaguda, Hyderabad- 500 049,  
Telangana, India  
**Telephone:** +91 040-40114874/75  
**E-mail:** [cfo@sigachi.com](mailto:cfo@sigachi.com)

### **Company Secretary and Compliance Officer**

Shreya Mitra is the Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

229/1 & 90, 4th floor,  
Kalyan’s Tulsiram Chambers  
Madinaguda, Hyderabad- 500 049,  
Telangana, India  
**Telephone:** +91 040-40114874/75  
**E-mail:** [cs@sigachi.com](mailto:cs@sigachi.com)

### **Investor grievances**

**Bidders are advised to contact the Company Secretary and Compliance Officer, the BRLM and/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, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of funds by electronic mode etc.**

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

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

All grievances relating to the UPI mechanism may be addressed to the Registrar to the Issue with a copy to the relevant Sponsor Bank or the member of the Syndicate if the Bid was submitted to a member of the Syndicate at any of the Specified Locations, or the Registered Broker if the Bid was submitted to a Registered Broker at any

of the Brokers Centres, as the case may be, quoting the full name of the sole or first Bidder, Bid cum Application Form number, address of the Bidder, Bidder's DP ID, Client ID, PAN, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate or the Designated Branch or the Registered Broker or address of the RTA or address of the DP, as the case may be, where the Bid was submitted, and the UPI ID of the UPI ID Linked Bank Account in which the amount equivalent to the Bid Amount was blocked. All grievances relating to Bids submitted through the Registered Broker and/or a Stock Broker may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

#### **Details of Key Intermediaries pertaining to this Issue of our Company:**

##### **Book Running Lead Manager**

###### **Saffron Capital Advisors Private Limited**

605, Sixth Floor, Center Point,  
Andheri - Kurla Road, J.B. Nagar,  
Andheri (East), Mumbai – 400 059,  
Maharashtra, India

**Telephone:** +91 22 4082 0901/06

**Facsimile:** +91 22 4082 0999

**Email ID:** [ipos@saffronadvisor.com](mailto:ipos@saffronadvisor.com)

**Website:** [www.saffronadvisor.com](http://www.saffronadvisor.com)

**Investor Grievance ID:** [investorgrievance@saffronadvisor.com](mailto:investorgrievance@saffronadvisor.com)

**Contact Person:** Abhijit Diwan / Varsha Gandhi

**SEBI Registration Number:** INM000011211

##### **Registrar to the Issue**

###### **Bigshare Services Private Limited**

1<sup>st</sup> Floor, Bharat Tin Works Building,  
Opposite Vasant Oasis, Makwana Road,  
Marol, Andheri (East), Mumbai – 400 059,  
Maharashtra, India

**Telephone:** +91 22 6263 8200

**Facsimile:** +91 22 6263 8299

**E-mail:** [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**Investor grievance:** [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

**SEBI Registration No:** INR000001385

**Contact person:** Ashish Bhope

##### **Legal Advisor to the Issue**

###### **M/s. Crawford Bayley & Co.**

4th Floor, State Bank Buildings  
N.G.N. Vaidya Marg, Fort  
Mumbai 400 023

Maharashtra, India

**Telephone:** +91 22 2266 3353

**Facsimile:** +91 22 2266 3978

**Email:** [sanjay.asher@crawfordbayley.com](mailto:sanjay.asher@crawfordbayley.com)

**Contact Person:** Sanjay Asher

##### **Statutory and Peer Review Auditor of our Company**

**M/s. T Adinarayana & Co.**

Chartered Accountants

806, 8<sup>th</sup> Floor, Raghava Ratna Towers,

Chirag Ali Lane, Hyderabad- 500 001,

Telangana, India

**Telephone:** + 9197 0512 3616, 040 6666 2673**Facsimile:** Nil**Email:** [ypaofca@gmail.com](mailto:ypaofca@gmail.com)**Contact Person:** Y Pulla Rao**Membership No.:** 025266**Firm Registration No.:** 000041S**Peer Review Certificate No.:** 011916**Bankers to our Company****Kotak Mahindra Bank Limited**

6-3-1109/1/P202, fifth floor,

Jewel Pavani Tower, Raj Bhavan Road,

Somajiguda, Hyderabad- 500 082

Telangana, India.

**Telephone:** +91 40 6674 2057**Facsimile:** Nil**E-mail:** [ram.kadari@kotak.com](mailto:ram.kadari@kotak.com)**Website:** [www.kotak.com](http://www.kotak.com)**Contact person:** Ram Kadari**Banker to the Issue**

The Banker(s) to the Issue shall be appointed prior to filing of the Red Herring Prospectus.

**Refund Bank**

The Refund Bank(s) shall be appointed prior to filing of the Red Herring Prospectus.

**Sponsor Bank**

The Sponsor Bank(s) shall be appointed prior to filing of the Red Herring Prospectus.

**Syndicate Member**

The Syndicate Member(s) shall be appointed prior to filing of the Red Herring Prospectus.

**Designated Intermediaries***Self-Certified Syndicate Banks*

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

Applications through UPI in IPOs can be made only through the SCSBs / mobile applications (apps) whose name appears on the SEBI website. The list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided at the SEBI website.

*SCSBs enabled for UPI Mechanism*

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, Retail Individual Investors bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website

of the SEBI (<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40>) and updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, as amended.

#### *Syndicate SCSB Branches*

In relation to Bids (other than Bids by Anchor Investor) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>) and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the members of Syndicate at Specified Locations, see the website of the SEBI (<http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35>).

#### *Registered Brokers*

The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of BSE and NSE at [www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?) and on the website of NSE at [www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively as updated from time to time.

#### *Registrar and Share Transfer Agent*

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

#### *Collecting Depository Participants*

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of BSE at [www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?](http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?) and on the website of NSE at [www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively as updated from time to time.

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

### **IPO Grading**

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

### **Credit Rating**

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

### **Green Shoe Option**

No Green Shoe Option is applicable for this Issue.

### **Brokers to the Issue**

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

### **Debenture Trustees**

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

### **Monitoring Agency**

As the net proceeds of the Issue will be less than ₹10,000 lacs, under the SEBI ICDR Regulations, it is not required that a monitoring agency be appointed by our Company.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilized have been appraised by an appraising entity.

### **Expert Opinion**

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

Our Company has received written consent dated September 21, 2020 from the Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated September 18, 2020 on our restated consolidated financial information; and (ii) its report dated September 15, 2020 on the statement of special tax benefits in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Additionally, our Company has also received a letter dated September 05, 2020 from K. Anjaneyulu, Independent Chartered Engineer, to include his name in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) read with Section 26(5) of the Companies Act 2013 with respect to his chartered engineer certificates dated September 01, 2020.

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

Saffron Capital Advisors Private Limited being the sole Book Running Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence, a statement of inter se allocation of responsibilities is not required.

### **Filing**

A copy of this DRHP has been filed with the Securities Exchange Board of India, Southern Regional Office situated at Overseas Towers, 7<sup>th</sup> Floor, 756 – L, Anna Salai, Chennai – 600 002, Tamil Nadu, India and simultaneously through the SEBI Intermediary Portal at <https://siportal.sebi.gov.in>, in accordance with SEBI circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011. This DRHP will also be filed with BSE and NSE, where the specified securities are proposed to be listed.

A copy of the Red Herring Prospectus, along with the material contracts and documents and a copy of the Prospectus required to be filed with the RoC under Section 32 and Section 26 of the Companies Act, 2013, respectively would be delivered for filing with the RoC at its office situated at:

2<sup>nd</sup> floor, Corporate Bhawan,  
GSI Post, Tattianam Nagole,  
Bandlaguda Hyderabad - 500 068,  
Telangana, India.

### **Changes in Auditors during the last three years**

Except as stated below, there has been no change in the Auditors of our Company during the last three years:

| <b>Name of Auditor</b>  | <b>Date of Change</b> | <b>Reason for change</b>   |
|---|-----------------------|--|
| M/s. T Adinarayana & Co.,<br>Chartered Accountants<br>806, 8 <sup>th</sup> Floor, Raghava Ratna Towers,<br>Chirag Ali Lane, Hyderabad- 500 001, | January 19, 2016      | Casual vacancy due to change in structure of the firm from partnership to sole proprietorship. |

| Name of Auditor  | Date of Change | Reason for change |
|--|----------------|-------------------|
| Telangana, India<br>Email: <a href="mailto:ypraofca@gmail.com">ypraofca@gmail.com</a><br>Firm Registration No.: 000041S<br>Peer Review Certificate No.: 011916 |                |                   |

## Book Building Process

Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus, the Bid cum Application Form and Revision Form. The Price Band and minimum Bid Lot size will be decided by our Company in consultation with the BRLM and advertised in all editions of English national newspaper [●], all editions of Hindi national newspaper [●], and all editions of Telugu newspaper [●] (Telugu being the regional language of Hyderabad where our Registered Office is located), each with wide circulation, at least two (02) Working Days prior to the Bid / Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

The Issue Price will be determined by our Company in consultation with the BRLM after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. Our Company;
2. Book Running Lead Manager;
3. Syndicate Member(s) who are intermediaries registered with SEBI or registered as broker with Stock Exchanges and eligible to act as Underwriters;
4. Escrow Collection Bank/Banker to the Issue/Sponsor Bank;
5. Registrar to the Issue;
6. The SCSBs;
7. Registered Brokers; and
8. CDPs.

The SEBI (ICDR) Regulations have permitted the Issue of securities to the public through the Book Building Process. 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 wherein not more than [●]% of the Issue shall be allocated on a proportionate basis to QIBs. Our Company in consultation with the BRLM may allocate up to [●]% of the QIB portion to Anchor Investors on a proportionate basis at the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations, out of which at least one-third will be available for allocation to domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹1,000 lacs. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Such number of Equity Shares representing [●]% of the Net QIB Portion (other than the Anchor Investor Portion) shall be allocated on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be allocated on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event that the aggregate demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event that 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 Net QIB Portion and allocated proportionately to the QIB Bidders (including mutual funds) in proportion to their Bids. Further not less than [●]% of the Issue shall be allocated on a proportionate basis to Non-Institutional Bidders and not less than [●]% of the Issue shall be allocated 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 in any category, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the BRLM and the Designated Stock Exchange, on a proportionate basis. 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.



Bidders are advised to contact the Company Secretary and Compliance Officer and/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, credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of funds by electronic mode etc.

In accordance with the SEBI ICDR Regulations, QIBs Bidders (other than Anchor Investors) Bidding in the QIB Portion and Non-Institutional Bidders Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and/or withdraw their Bids until the Bid/Issue Closing Date. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Further, allocation to QIBs in the QIB Portion will be on a proportionate basis. By submitting a Bid, each Bidder will be deemed to have acknowledged the above restrictions and the terms of the Issue. For further details, refer to the section titled “*Issue Structure*” and “*Issue Procedure*” on pages 334 and 337 respectively, of this Draft Red Herring Prospectus.

Our Company will comply with the SEBI ICDR Regulations and any other ancillary directions issued by SEBI for the Issue. Our Company has appointed the BRLMs to manage the Issue and procure Bids for the Issue.

**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.**

Notwithstanding the foregoing, Bidders should note that this Issue is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

For further details on the method and procedure for Bidding, please see section entitled “*Issue Procedure*” on page 337 of this Draft Red Herring Prospectus.

**Illustration of Book Building Process 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 ₹ 20/- to ₹ 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(₹) | 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., ₹ 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 ₹ 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 (refer the section titled “*Issue Procedure*” on page 337);
2. Ensure that you have an active 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 and the officials appointed by the courts



and by investors residing in the state of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid-cum-Application Form. The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. In accordance with the SEBI (ICDR) Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of the transaction;

5. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus, Prospectus and in the Bid-cum-Application Form.
6. ASBA Bidders can submit their Bids by submitting Bid-cum-Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained or in physical form to the Designated Intermediaries. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their Bid-cum-Application Form is not rejected;
7. Applications through UPI in IPOs can be made only through the SCSBs / mobile applications (apps) whose name appears on the SEBI website, therefore for RIBs who made applications through intermediaries, the process of, investor submitting bid cum-application form with any intermediary along with bank account details and movement of such application forms from intermediaries to Self-Certified Syndicate Banks (SCSBs) for blocking of funds, will be discontinued.

### Underwriting Agreement

After the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein:

The Underwriters have indicated their intention to underwrite the following number of Equity Share:

| (₹ in lacs)   |   |                     |  |
|---|---|---------------------|--|
| Name, address, telephone number, Facsimile and e-mail addresses of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten | % of the total Issue size Underwritten |
| [●]   | [●]   | [●]                 | [●]                                    |

The above-mentioned is indicative underwriting and will be finalised after determination of Issue Price and Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of the Board, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s).

The Board/ IPO Committee, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company. Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment.

## 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:

| S. No.    | Particulars  | Amount<br>(in ₹ Lacs, except share data) |                                |
|-----------|--|--|--------------------------------|
|           |  | Aggregate value at nominal value         | Aggregate value at Issue Price |
| <b>A.</b> | <b>Authorised Share Capital</b>  |  |                                |
|           | 1,20,00,000 Equity Shares of face value of ₹ 10 each   | 1,200.00                                 |                                |
| <b>B.</b> | <b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>   |  |                                |
|           | 76,82,500 Equity Shares of face value of ₹ 10 each   | 768.25                                   |                                |
| <b>C.</b> | <b>Present Issue in terms of this Draft Red Herring Prospectus</b>   |  |                                |
|           | Public Issue of up to 28,41,500 Equity Shares of face value of ₹10 each at a Price of ₹[●] per Equity Share <sup>(1)</sup> | upto [●]                                 | [●]                            |
|           | <i>Of which</i>  |  |                                |
|           | QIB Portion of not more than [●] Equity Shares   | [●]                                      | [●]                            |
|           | Non-Institutional Portion of not less than [●] Equity Share  | [●]                                      | [●]                            |
|           | Retail Portion of not less than [●] Equity Share   | [●]                                      | [●]                            |
| <b>D.</b> | <b>Issued, Subscribed and Paid-Up Share Capital after the Issue</b>  |  |                                |
|           | 1,05,24,000 Equity Shares of face value of ₹10 each  | 1,052.40                                 |                                |
| <b>E.</b> | <b>Securities Premium Account</b>  |  |                                |
|           | Before the Issue   | 164.54                                   |                                |
|           | After the Issue  | [●]                                      |                                |

<sup>(1)</sup>The present Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on December 10, 2019, 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 EGM held on January 09, 2020.

### Classes of Shares

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

### Details of changes in Authorized Share Capital of our Company since incorporation

The initial authorised capital of our Company was ₹ 3,00,000 consisting of 3,000 Equity Shares of ₹ 100 each. Further, the authorised share capital of our Company has been altered in the manner set forth below:

| Date of Meeting  | Shareholder's | Particulars of Change  |  | AGM/EGM |
|--|---------------|--|--|---------|
|  |               | From   | To   |         |
| December 07, 1989  |               | ₹ 3,00,000 consisting of 3,000 Equity Shares of ₹ 100 each       | ₹ 10,00,000 consisting of 10,000 Equity Shares of ₹ 100 each     | EGM     |
| September 30, 1994   |               | ₹ 10,00,000 consisting of 10,000 Equity Shares of ₹ 100 each     | ₹ 35,00,000 consisting of 35,000 Equity Shares of ₹ 100 each     | AGM     |
| October 30, 2003   |               | ₹ 35,00,000 consisting of 35,000 Equity Shares of ₹ 100 each     | ₹ 36,00,000 consisting of 36,000 Equity Shares of ₹ 100 each     | EGM     |
| December 24, 2007  |               | ₹ 36,00,000 consisting of 36,000 Equity Shares of ₹ 100 each     | ₹ 1,00,00,000 consisting of 1,00,000 Equity Shares of ₹ 100 each | EGM     |
| Pursuant to a resolution passed by our Shareholders at the EGM dated February 15, 2013, the Equity Shares of face value of ₹ 100 each were sub-divided into Equity Shares of face value of ₹10 each. |               |  |  |         |
| March 30, 2013   |               | ₹ 1,00,00,000 consisting of 10,00,000 Equity Shares of ₹ 10 each | ₹ 1,30,00,000 consisting of 13,00,000 Equity Shares of ₹ 10 each | EGM     |

| Date of Meeting   | Shareholder's | Particulars of Change  |   | AGM/EGM  |
|-------------------|---------------|--|---|--|
|                   |               | From   | To  |  |
| April 01, 2013    |               | ₹ 1,30,00,000 consisting of 13,00,000 Equity Shares of ₹ 10 each | ₹ 7,15,00,000 consisting of 71,50,000 Equity Shares of ₹ 10 each    | Order dated July 07, 2014 passed by the Hon'ble High Court of Hyderabad <sup>#</sup> |
| November 21, 2019 |               | ₹ 7,15,00,000 consisting of 71,50,000 Equity Shares of ₹ 10 each | ₹ 12,00,00,000 consisting of 1,20,00,000 Equity Shares of ₹ 10 each | EGM  |

<sup>#</sup>The Hon'ble High Court of Judicature at Hyderabad, vide its order dated January 30, 2014 had dispensed with the requirement of holding a general meeting by our Company for sanctioning the scheme of arrangement for amalgamation of Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited with our Company.

## NOTES TO CAPITAL STRUCTURE

### 1. History of Share capital of our Company

The following table sets forth details of the history of paid-up Equity Share capital of our Company:

| Date of Allotment  | No. of Equity Shares | Face value (₹) | Issue Price (₹) | Nature of consideration       | Nature of Allotment   | Cumulative number of Equity Shares | Cumulative paid-up Capital (₹) |
|--|----------------------|----------------|-----------------|-------------------------------|---|------------------------------------|--------------------------------|
| On Incorporation *   | 20                   | 100            | 100             | Cash                          | Subscription to Memorandum of Association <sup>(1)</sup>    | 20                                 | 20                             |
| February 01, 1990 <sup>#</sup>   | 5,000                | 100            | 100             | Cash                          | Preferential Allotment <sup>(2)</sup>                       | 5,020                              | 5,02,000                       |
| February 26, 1990 <sup>#</sup>   | 580                  | 100            | 100             | Cash                          | Preferential Allotment <sup>(3)</sup>                       | 5,600                              | 5,60,000                       |
| March 30, 1990 <sup>#</sup>  | 860                  | 100            | 100             | Cash                          | Preferential Allotment <sup>(4)</sup>                       | 6,460                              | 6,46,000                       |
| April 30, 1990 <sup>#</sup>  | 1,540                | 100            | 100             | Cash                          | Preferential Allotment <sup>(5)</sup>                       | 8,000                              | 8,00,000                       |
| December 11, 1994 <sup>#</sup>   | 22,200               | 100            | 100             | Cash                          | Preferential Allotment <sup>(6)</sup>                       | 30,200                             | 30,20,000                      |
| March 22, 1996 <sup>#</sup>  | 245                  | 100            | 100             | Cash                          | Preferential Allotment <sup>(7)</sup>                       | 30,445                             | 30,44,500                      |
| October 30, 2003   | 4,555                | 100            | 100             | Cash                          | Preferential Allotment <sup>(8)</sup>                       | 35,000                             | 35,00,000                      |
| March 31, 2004   | 345                  | 100            | 100             | Cash                          | Preferential Allotment <sup>(9)</sup>                       | 35,345                             | 35,34,500                      |
| September 30, 2008   | 23,600               | 100            | 125             | Cash                          | Preferential Allotment <sup>(10)</sup>                      | 58,945                             | 58,94,500                      |
| January 19, 2009   | 22,544               | 100            | 125             | Cash                          | Preferential Allotment <sup>(11)</sup>                      | 81,489                             | 81,48,900                      |
| December 01, 2009  | 3,935                | 100            | 125             | Cash                          | Preferential Allotment <sup>(12)</sup>                      | 85,424                             | 85,42,400                      |
| Pursuant to a resolution passed by our Shareholders at the EGM dated February 15, 2013, the Equity Shares of face value of ₹ 100 each were sub-divided into Equity Shares of face value of ₹10 each. |                      |                |                 |                               |   |                                    |                                |
| March 30, 2013   | 4,27,120             | 10             | -               | Consideration other than cash | Bonus Issue <sup>(13)</sup>                                 | 12,81,360                          | 1,28,13,600                    |
| October 04, 2014 <sup>@</sup>  | 13,87,330            | 10             | -               | Consideration other than Cash | Allotment pursuant to scheme of arrangement <sup>(14)</sup> | 26,68,690                          | 2,66,86,900                    |
| March 31, 2015   | 3,31,310             | 10             | 44              | Cash                          | Preferential Allotment <sup>(15)</sup>                      | 30,00,000                          | 3,00,00,000                    |
| March 28, 2017   | 73,000               | 10             | 59              | Cash                          | Preferential Allotment <sup>(16)</sup>                      | 30,73,000                          | 3,07,30,000                    |
| November 21, 2019  | 46,09,500            | 10             | -               | Consideration other than Cash | Bonus Issue <sup>(17)</sup>                                 | 76,82,500                          | 7,68,25,000                    |

*\*Date of incorporation of our Company is January 11, 1989.*

*#We have placed reliance on the disclosures made in the Board minutes, to ascertain the details of the issue of Equity Shares, the nature of allotment and the nature of consideration since Form 2 for the relevant allotment is not present in the records of the Company and is not found in the records of the RoC, as certified by Aakansha, Company Secretary in Practice, under their search report dated September 08, 2020. For further information, please refer to risk factor no. 25- Certain records and regulatory filings of our Company are not traceable. under chapter titled 'Risk Factors' on page 39 of the Draft Red Herring Prospectus.*

*@Allotment of Equity Shares made to shareholders of Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited (the "Transferor Companies") whose names appeared on the register of members of such companies, on September 10, 2013 pursuant to the scheme of arrangement sanctioned by the Hon'ble High Court of Judicature at Hyderabad vide its order dated July 07, 2014. For details, see "History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, etc." on page 195 of this Draft Red Herring Prospectus.*

- (1) Subscription of to the MOA for the total of 20 Equity Shares by Rabindra Prasad Sinha (10 Equity Shares) and Sudha Sinha (10 Equity Shares).*
- (2) Preferential Allotment of a total of 5,000 Equity Shares to Rabindra Prasad Sinha (750 Equity Shares), Ganesh Singh Gahlot (580 Equity Shares), Sudha Sinha (530 Equity Shares), Veena Gahlot (520 Equity Shares), Chidambarnathan Shanmuganathan (1,300 Equity Shares), Chidambaranathan Dharani Devi (170 Equity Shares), B.R. Yadav (800 Equity Shares), Shyama Chauhan (100 Equity Shares) and Jaya Chauhan (250 Equity Shares).*
- (3) Preferential Allotment of a total of 580 Equity Shares to Rabindra Prasad Sinha (80 Equity Shares), Ganesh Singh Gahlot (100 Equity Shares), Veena Gahlot (100 Equity Shares), B.R. Yadav (200 Equity Shares) and C.K. Singh (100 Equity Shares).*
- (4) Preferential Allotment of a total of 860 Equity Shares to Rabindra Prasad Sinha (110 Equity Shares), Ganesh Singh Gahlot (200 Equity Shares), Gaurav Singh Gahlot (50 Equity Shares), Sudha Sinha (250 Equity Shares), Nitin Raj Sinha (50 Equity Shares), Amit Raj Sinha (50 Equity Shares), Smita Sinha (50 Equity Shares), Divya Sony (50 Equity Shares) and Navnit Raja (50 Equity Shares).*
- (5) Preferential Allotment of a total of 1,540 Equity Shares to Rabindra Prasad Sinha (50 Equity Shares), Sudha Sinha (210 Equity Shares), Ganesh Singh Gahlot (620 Equity Shares), Chidambarnathan Shanmuganathan (200 Equity Shares), B.R. Yadav (100 Equity Shares), Divya Sony (10 Equity Shares), R.D. Yadav (300 Equity Shares) and Devraj Singh (50 Equity Shares).*
- (6) Preferential Allotment of a total of 22,200 Equity Shares to Arti Sharma (100 Equity Shares), Amit Raj Sinha (80 Equity Shares), Archana Sharma (100 Equity Shares), Bimla Sharma (110 Equity Shares), Bhupendra Prasad Sinha (250 Equity Shares), B.R. Yadav (2,500 Equity Shares), Chidambarnathan Shanmuganathan (3,000 Equity Shares), Divya Sony (60 Equity Shares), Chidambaranathan Dharani Devi (910 Equity Shares), Dev Raj Singh (550 Equity Shares), Ganesh Shanmugam (150 Equity Shares), Ganesh Singh Gahlot (2,350 Equity Shares), Gaurav Singh Gahlot (1,750 Equity Shares), Krishna Sinha (250 Equity Shares), C. Karthika (150 Equity Shares), Lata Sharma (200 Equity Shares), S. D. Nigam (250 Equity Shares), Navneet Raja (50 Equity Shares), Rabindra Prasad Sinha (3,000 Equity Shares), Sudha Sinha (1,100 Equity Shares), Shobha Nigam (250 Equity Shares), Smita Sinha (1,000 Equity Shares), Satyanarayana Sharma (100 Equity Shares), Swarna Latha K. (190 Equity Shares), Usha Kiran Finance Limited (1,500 Equity Shares), Veena Gahlot (1,850 Equity Shares), S.K. Chauhan (350 Equity Shares) and Veer Bhadra Singh Chauhan (50 Equity Shares).*
- (7) Preferential Allotment of a total of 245 Equity Shares to B.R. Yadav (120 Equity Shares) and Jaya Chauhan (125 Equity Shares).*
- (8) Preferential Allotment of a total of 4,555 Equity Shares to Rabindra Prasad Sinha (1,355 Equity Shares), Chidambarnathan Shanmuganathan (1,500 Equity Shares) and Ganesh Singh Gahlot (1,700 Equity Shares).*
- (9) Preferential Allotment of a total of 345 Equity Shares to Rabindra Prasad Sinha (345 Equity Shares).*
- (10) Preferential Allotment of a total of 23,600 Equity Shares to Rabindra Prasad Sinha (4,000 Equity Shares), Chidambarnathan Shanmuganathan (2,000 Equity Shares), Chidambaranathan Dharani Devi (600 Equity Shares), B.R. Yadav (5,200 Equity Shares), Nitin Raj Sinha (2,000 Equity Shares), Divya Sony (250 Equity Shares), Navnit Raja (250 Equity Shares), Bhupendra Prasad Sinha (250 Equity Shares), Krishna Sinha (250 Equity Shares), Sobha Nigam (3,000 Equity Shares), M. Vasudev Rao (1,000 Equity Shares) and RPS Projects and Developers Private Limited (4,800 Equity Shares).*
- (11) Preferential Allotment of a total of 22,544 Equity Shares to Rabindra Prasad Sinha (1,840 Equity Shares), Amit Raj Sinha (3,616 Equity Shares), Chidambarnathan Shanmuganathan (2,000 Equity Shares), Chidambaranathan Dharani Devi (4,740 Equity Shares), B.R. Yadav (5,700 Equity Shares), Nitin Raj Sinha (3,616 Equity Shares), Smita Sinha (360 Equity Shares) and Sudha Sinha (672 Equity Shares).*
- (12) Preferential Allotment of a total of 3,935 Equity Shares to Chidambarnathan Shanmuganathan.*
- (13) Bonus Issue of a total of 4,27,120 Equity Shares in the ratio of 01 Equity Share for every 02 Equity Shares held to Rabindra Prasad Sinha (57,700 Equity Shares), Sudha Sinha (13,860 Equity Shares), Ganesh Singh Gahlot (19,600 Equity Shares), Chidambarnathan Shanmuganathan (81,025 Equity Shares), Chidambaranathan Dharani Devi (33,050 Equity Shares), B.R. Yadav (85,100 Equity Shares), Jaya Chauhan (1,875 Equity Shares), Nitin Raj Sinha (28,330 Equity Shares), Amit Raj Sinha (22,280 Equity Shares), Smita Sinha (7,050 Equity Shares), Divya Soni (1,850 Equity Shares), Navnit Raja (1,750 Equity Shares), Devraj Singh (3,500 Equity*

- Shares), Bimla Sharma (2,050 Equity Shares), Bhupendra Prasad Sinha (2,500 Equity Shares), Ganesh Shanmugam (750 Equity Shares), Krishna Sinha (2,500 Equity Shares), C. Karthika (750 Equity Shares), Latha Sharma (1,000 Equity Shares), S.D. Nigam (1,250 Equity Shares), Shobha Nigam (16,250 Equity Shares), Usha Kiran Finance Limited (7,500 Equity Shares), Veer Bhadra Singh Chauhan (250 Equity Shares), Divya Chauhan (1,750 Equity Shares), M. Vasudeva Rao (5,000 Equity Shares), RPS Projects and Developers Private Limited (24,000 Equity Shares) and Kamala Yadav (4,600 Equity Shares).
- (14) Allotment of a total of 13,87,330 Equity Shares, pursuant to a scheme of arrangement in the ratio of 25 Equity Shares for every fully paid up 100 Equity Shares held by the shareholders in Sigachi Cellulos Private Limited and 33 Equity Shares for every fully paid up 100 Equity Shares held by the shareholders in Sigachi Plasticisers Private Limited to Rabindra Prasad Sinha (753 Equity Shares), Chidambarnathan Shanmuganathan (15,703 Equity Shares), B.R. Yadav (16,500 Equity Shares), Amit Raj Sinha (32,865 Equity Shares), Krishna Sinha (5,800 Equity Shares), Shobha Nigam (18,900 Equity Shares), M. Vasudeva Rao (5,800 Equity Shares), RPS Projects and Developers Private Limited (6,04,340 Equity Shares), Lijo Stephen Chacko (5,800 Equity Shares), Claramma Cyriac (1,450 Equity Shares), Gagan Moudgil (1,450 Equity Shares), M Annapurna (1,160 Equity Shares), C Satyanarayana Reddy (25,000 Equity Shares), Dharam Prakash Tripathi (3,10,500 Equity Shares), Surendra Prasad Sinha (11,395 Equity Shares), Tribhuvan Ravji Thacker (30,000 Equity Shares), Tripti Tribhuvan Thacker (30,000 Equity Shares), Vijay Amrutlal Bhavsar (HUF)(1,27,069 Equity Shares), Harsh Vardhan (5,000 Equity Shares), Jharna Kharidia (5,000 Equity Shares), Claudia Beatriz Lopez Lira (5,470 Equity Shares), Sikharam Jhansi Kumari (1,240 Equity Shares), Pankaj A Bhavsar (14,950 Equity Shares), Maheswari V Bhavsar (28,200 Equity Shares), Arjun Bhavsar (12,175 Equity Shares), Tribhuvan Ravji Thacker with Tripti Tribhuvan Thacker (15,000 Equity Shares), Geetaben M Rami with Manubhai R Rami (12,000 Equity Shares), Mehul Kumar P Patel with Nita Mehul Kumar Patel (12,000 Equity Shares), Purusottam V Patel with Urmilaben P Patel (12,000 Equity Shares) and Bhagavat Bhavsar (19,800 Equity Shares).
- (15) Preferential Allotment of a total of 3,31,310 Equity Shares to RPS Projects and Developers Private Limited (2,86,310 Equity Shares), Dharam Prakash Tripathi (11,000 Equity Shares), Ruchi Simolte (34,000 Equity Shares).
- (16) Preferential Allotment of a total of 73,000 Equity Shares to Amit Raj Sinha.
- (17) Bonus Issue of a total of 4,609,500 Equity Shares in the ratio of 03 Equity Share for every 02 Equity Shares held to Rabindra Prasad Sinha (304,368 Equity Shares), Sudha Sinha (17,088 Equity Shares), Chidambarnathan Shanmuganathan (388,167 Equity Shares), Chidambarnathan Dharani Devi (148,725 Equity Shares), Nitin Raj Sinha (127,485 Equity Shares), Amit Raj Sinha (259,062 Equity Shares), Smita Sinha (61,125 Equity Shares), Ganesh Shanmugam (3,375 Equity Shares), C. Karthika (3,375 Equity Shares), RPS Projects and Developers Private Limited (15,06,345 Equity Shares), RPS Family Trust (91,992 Equity Shares), Amit Raj Sinha Family Trust (59,250 Equity Shares), BR Yadav (428,400 Equity Shares), Vijay A Bhavsar (HUF) (1,63,332 Equity Shares), Pankaj A. Bhavsar (22,425 Equity Shares), Maheswari V. Bhavsar (42,300 Equity Shares), Krishna Sinha (47,400 Equity Shares), Shobha Nigam (1,07,100 Equity Shares), C. Satyanarayana Reddy (37,500 Equity Shares), Dharm Prakash Tripathi (4,82,250 Equity Shares), Arjun Bhavsar (18,261 Equity Shares), Bhagvat Bhavsar (29,700 Equity Shares), Tribhuvan Ravji Thacker (45,000 Equity Shares), Tribhuvan Ravji Thacker with Tripti Tribhuvan Thacker (22,500 Equity Shares), Gitaben M. Rami with Manubhai R. Rami (18,000 Equity Shares), Mehul Kumar Patel with Neeta Mehul Kumar Patel (18,000 Equity Shares), Purshottam V Patel with Urmilaben Patel (18,000 Equity Shares), Ruchi Simolte (51,000 Equity Shares), Bimla Sharma (9,225 Equity Shares) and Usha Kiran Finance Limited (33,750 Equity Shares).

## 2. Preference Share capital history of our Company

Our Company does not have any preference share capital as on the date of this Draft Red Herring Prospectus.

## 3. Issue of equity shares for consideration other than cash or out of revaluation reserves and through Bonus Issue:

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

| Date of allotment | Number of Equity Shares allotted | Face value (₹) | Issue Price | Nature of allotment   | Benefit accrued to our Company | Source out of which Bonus Shares Issued |
|-------------------|----------------------------------|----------------|-------------|---|--------------------------------|---|
| March 30, 2013    | 4,27,120                         | 10             | -           | Bonus issue in the ratio of 1:2 authorised by our Board, pursuant to a resolution passed at its meeting held on February 15, 2013 and by our Shareholders pursuant to a resolution passed at the EGM held on March 30, 2013. <sup>(1)</sup> | -                              | Bonus Issued out of General Reserves    |

| Date of allotment | Number of Equity Shares allotted | Face value (₹) | Issue Price | Nature of allotment   | Benefit accrued to our Company | Source out of which Bonus Shares Issued |
|-------------------|----------------------------------|----------------|-------------|---|--------------------------------|---|
| October 04, 2014  | 13,87,330                        | 10             | -           | Allotment of Equity Shares made to the shareholders of Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited, as consideration towards the amalgamation of the companies with our Company, pursuant to the scheme of amalgamation sanctioned by the Hon'ble High Court of Judicature at Hyderabad <i>vide</i> its order dated July 07, 2014. <sup>(2)</sup> | -^                             | -                                       |
| November 21, 2019 | 46,09,500                        | 10             | -           | Bonus issue in the ratio of 3:2 authorised by our Board, pursuant to a resolution passed at its meeting held on October 07, 2019 and by our Shareholders pursuant to a resolution passed at the EGM held on November 21, 2019. <sup>(3)</sup>   | -                              | Bonus Issued out of General Reserves    |

(1) For list of allottees see note (13) of paragraph titled "History of Share capital of our Company" mentioned above.

(2) For the list of allottees see note (14) of paragraph titled "History of Share capital of our Company" mentioned above.

(3) For the list of allottees see note (17) of paragraph titled "History of Share capital of our Company" mentioned above.

^Pursuant to the scheme of amalgamation, Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited in their entirety were transferred and vested in our Company as a going concern. For further details, please refer to the chapter titled "History and Certain Corporate Matters" at page 193 of this DRHP.

- As of date of this Draft Red Herring Prospectus, our Company has not undertaken a bonus issue by capitalizing its revaluation reserves.
- For details of the Equity Shares allotted by our Company pursuant to any scheme approved under sections 391-394 of the Companies Act, 1956 and/or sections 230-232 of the Companies Act, 2013, please refer to note (14) of the paragraph titled "History and Share Capital of our Company" on page 82 of this chapter. For details of the scheme of arrangement entered into between our Company, Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited, please see "History and Certain Corporate Matters – Details regarding acquisition of business/ undertakings, mergers, amalgamation, revaluation of assets, etc." on page 195 of this Draft Red Herring Prospectus.
  - Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.
  - Except as stated under, our Company has not issued any Equity Shares at a price lower than the Issue Price during a period of the one year preceding the date of this Draft Red Herring Prospectus.

| Date of allotment | Number of Equity Shares allotted | Face value (₹) | Issue Price | Nature of consideration       | Reasons for allotment   | Whether forming a part of Promoter Group  |
|-------------------|----------------------------------|----------------|-------------|-------------------------------|---|---|
| November 21, 2019 | 46,09,500                        | 10             | -           | Consideration other than cash | Bonus issue in the ratio of 3:2 authorised by our Board, pursuant to a resolution passed at its meeting held on October 07, 2019 and by our Shareholders pursuant to a resolution passed at the EGM held on November 21, 2019. <sup>(1)</sup> | Partly Yes; Bonus Shares issued to all shareholders, including the promoter group |

*(1) Bonus Issue of 4,609,500 Equity Shares in the ratio of 3:2, for more details see note (17) of paragraph titled “History of Share capital of our Company” mentioned above.*

## 7. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

| Category<br>(I) | Category<br>of Shareholder<br>(II)    | No. of Shareholders<br>(III) | No. of fully paid-up Equity Shares held<br>(IV) | No. of Partly paid-up Equity Shares held<br>(V) | No. of shares underlying depository receipts<br>(VI) | Total No. of shares held (VII)<br>= (IV)+(V)+(VI) | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) |                  |                         | No. of Shares underlying outstanding convertible securities (including warrants) | Shareholding as a % assuming full conversion of convertible securities<br>No. (a) | No. of locked-in Equity Shares (XII) |                                    | Number of Equity Shares pledged or otherwise encumbered (XIII) |                                    | No. of Equity Shares held in dematerialized form (XIV) |
|-----------------|---------------------------------------|------------------------------|---|---|--|---|--|---|------------------|-------------------------|--|---|--------------------------------------|------------------------------------|--|------------------------------------|--|
|                 |                                       |                              |   |   |  |   |  | Class (Equity)  | Total            | Total as a % of (A+B+C) |  |   | No.<br>(a)                           | As a % of total shares held<br>(b) | No.<br>(a)   | As a % of total shares held<br>(b) |  |
| (A)             | Promoters and Promoter Group          | 13                           | 49,65,970                                       | -   | -  | 49,65,970   | 64.64  | 49,65,970   | 49,65,970        | 64.64                   | -  | 64.64   | -                                    | -                                  | -  | -                                  | 40,96,570  |
| (B)             | Public                                | 19                           | 27,16,530                                       | -   | -  | 27,16,530   | 35.36  | 27,16,530   | 27,16,530        | 35.36                   | -  | 35.36   | -                                    | -                                  | -  | -                                  | 11,23,794  |
| (C)             | Non Promoter-Non Public               | -                            | -   | -   | -  | -   | -  | -   | -                | -                       | -  | -   | -                                    | -                                  | -  | -                                  | -  |
| (C1)            | Shares underlying depository receipts | -                            | -   | -   | -  | -   | -  | -   | -                | -                       | -  | -   | -                                    | -                                  | -  | -                                  | -  |
| (C2)            | Shares held by employee trusts        | -                            | -   | -   | -  | -   | -  | -   | -                | -                       | -  | -   | -                                    | -                                  | -  | -                                  | -  |
| <b>Total</b>    |                                       | <b>32</b>                    | <b>76,82,500</b>                                | <b>-</b>  | <b>-</b>   | <b>76,82,500</b>                                  | <b>100.00</b>  | <b>76,82,500</b>  | <b>76,82,500</b> | <b>100.00</b>           | <b>-</b>   | <b>100.00</b>   | <b>-</b>                             | <b>-</b>                           | <b>-</b>   | <b>-</b>                           | <b>52,20,364</b>                                       |

Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one (1) day prior to the listing of the Equity shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of such Equity Shares. The Equity Shares held by our Promoters are in dematerialized form.



**i. Other details of shareholding of our Company:**

- a) Particulars of the shareholders holding 1% or more of the paid-up share capital of our Company aggregating to 80% or more of the paid-up share capital and the number of shares held by them as on the date of filing of this Draft Red Herring Prospectus:

| Sr. No.      | Name of the Shareholders                  | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|--------------|---|----------------------|-------------------------------------|
| 1.           | RPS Projects & Developers Private Limited | 25,10,575            | 32.68                               |
| 2.           | Dharam Prakash Tripathi                   | 8,03,750             | 10.46                               |
| 3.           | Beg Raj Yadav                             | 7,14,000             | 9.29                                |
| 4.           | Chidambarnathan Shanmuganathan            | 6,46,945             | 8.42                                |
| 5.           | Rabindra Prasad Sinha                     | 5,07,280             | 6.60                                |
| 6.           | Amit Raj Sinha                            | 4,31,770             | 5.62                                |
| 7.           | Vijay A Bhavsar (HUF)                     | 2,72,220             | 3.54                                |
| 8.           | Chidambaranathan Dharani Devi             | 2,47,875             | 3.23                                |
| 9.           | Nitin Raj Sinha                           | 2,12,475             | 2.77                                |
| 10.          | Shoba Nigam                               | 1,78,500             | 2.32                                |
| 11.          | RPS Family Trust                          | 1,53,320             | 2.00                                |
| 12.          | Smita Sinha                               | 1,01,875             | 1.33                                |
| 13.          | Amit Raj Sinha Family Trust               | 98,750               | 1.29                                |
| 14.          | Ruchi Simlote                             | 85,000               | 1.11                                |
| 15.          | Krishna Sinha                             | 79,000               | 1.03                                |
| <b>Total</b> |   | <b>70,43,335</b>     | <b>91.68</b>                        |

- b) None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of the Draft Red Herring Prospectus are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.
- c) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them two (02) years prior to filing of this Draft Red Herring Prospectus:

| Sr. No.      | Name of the Shareholders                  | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|--------------|---|----------------------|-------------------------------------|
| 1.           | RPS Projects & Developers Private Limited | 10,04,230            | 32.68                               |
| 2.           | Dharam Prakash Tripathi                   | 3,21,500             | 10.46                               |
| 3.           | Beg Raj Yadav                             | 2,85,600             | 9.29                                |
| 4.           | Chidambarnathan Shanmuganathan            | 2,58,778             | 8.42                                |
| 5.           | Rabindra Prasad Sinha                     | 1,79,263             | 5.83                                |
| 6.           | Amit Raj Sinha                            | 1,72,705             | 5.62                                |
| 7.           | Vijay A Bhavsar (HUF)                     | 1,27,069             | 4.14                                |
| 8.           | Chidambaranathan Dharani Devi             | 99,150               | 3.23                                |
| 9.           | Nitin Raj Sinha                           | 84,990               | 2.76                                |
| 10.          | Shobha Nigam                              | 71,400               | 2.32                                |
| 11.          | Ganesh Singh Gahlot                       | 58,800               | 1.91                                |
| 12.          | Ruchi Simlote                             | 34,000               | 1.11                                |
| 13.          | Krishna Sinha                             | 31,600               | 1.03                                |
| <b>Total</b> |   | <b>27,29,085</b>     | <b>88.81</b>                        |

- d) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them one (01) year from the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of the Shareholders                  | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|---------|---|----------------------|-------------------------------------|
| 1.      | RPS Projects & Developers Private Limited | 10,04,230            | 32.68                               |

| Sr. No.      | Name of the Shareholders       | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|--------------|--------------------------------|----------------------|-------------------------------------|
| 2.           | Dharam Prakash Tripathi        | 3,21,500             | 10.46                               |
| 3.           | Beg Raj Yadav                  | 2,85,600             | 9.29                                |
| 4.           | Chidambarnathan Shanmuganathan | 2,58,778             | 8.42                                |
| 5.           | Rabindra Prasad Sinha          | 2,02,912             | 6.60                                |
| 6.           | Amit Raj Sinha                 | 1,72,708             | 5.62                                |
| 7.           | Vijay A Bhavsar (HUF)          | 1,08,888             | 3.54                                |
| 8.           | Chidambaranathan Dharani Devi  | 99,150               | 3.22                                |
| 9.           | Nitin Raj Sinha                | 84,990               | 2.76                                |
| 10.          | Shobha Nigam                   | 71,400               | 2.32                                |
| 11.          | RPS Family Trust               | 61,328               | 2.00                                |
| 12.          | Smita Sinha                    | 40,750               | 1.32                                |
| 13.          | Amit Raj Sinha Family Trust    | 39,500               | 1.29                                |
| 14.          | Ruchi Simlote                  | 34,000               | 1.10                                |
| 15.          | Krishna Sinha                  | 31,600               | 1.03                                |
| <b>Total</b> |                                | <b>4,62,718</b>      | <b>91.66</b>                        |

- e) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them ten days prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No.      | Name of the Shareholders                  | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|--------------|---|----------------------|-------------------------------------|
| 1.           | RPS Projects & Developers Private Limited | 25,10,575            | 32.68                               |
| 2.           | Dharam Prakash Tripathi                   | 8,03,750             | 10.46                               |
| 3.           | Beg Raj Yadav                             | 7,14,000             | 9.29                                |
| 4.           | Chidambarnathan Shanmuganathan            | 6,46,945             | 8.42                                |
| 5.           | Rabindra Prasad Sinha                     | 5,07,280             | 6.60                                |
| 6.           | Amit Raj Sinha                            | 4,31,770             | 5.62                                |
| 7.           | Vijay A Bhavsar (HUF)                     | 2,72,220             | 3.54                                |
| 8.           | Chidambaranathan Dharani Devi             | 2,47,875             | 3.23                                |
| 9.           | Nitin Raj Sinha                           | 2,12,475             | 2.77                                |
| 10.          | Shoba Nigam                               | 1,78,500             | 2.32                                |
| 11.          | RPS Family Trust                          | 1,53,320             | 2.00                                |
| 12.          | Smita Sinha                               | 1,01,875             | 1.33                                |
| 13.          | Amit Raj Sinha Family Trust               | 98,750               | 1.29                                |
| 14.          | Ruchi Simlote                             | 85,000               | 1.11                                |
| 15.          | Krishna Sinha                             | 79,000               | 1.03                                |
| <b>Total</b> |   | <b>70,43,335</b>     | <b>91.68</b>                        |

- f) Our Company has not made any initial public offer of its Equity Shares or any convertible securities during the preceding 02 (two) years from the date of this Draft Red Herring Prospectus.
8. Our Company does not have any intention or proposal to alter its capital structure within a period of six (06) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. 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 opening of the Issue 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.

#### 9. Details of Build-up of our Promoter's shareholding:

As on the date of this Draft Red Herring Prospectus, the Promoters of our Company, hold 40,96,570 Equity Shares, equivalent to 53.32% of the issued, subscribed and paid-up Equity Share capital of our Company and none of the Equity Shares held by the Promoters are subject to any pledge.

Set forth below are the details of the build – up of our Promoters’ shareholding in our Company since incorporation:

**a) Rabindra Prasad Sinha:**

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction                           | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue / transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|---|-------------------------|------------------------------------|--|--|------------------------------------|------------------------|-------------------------|
| January 11, 1989  | Subscription to the Memorandum of Association   | 10                      | 100                                | 100  | Cash   | 10                                 | 0.00                   | 0.00                    |
| February 01, 1990   | Preferential Allotment                          | 750                     | 100                                | 100  | Cash   | 760                                | 0.10                   | 0.07                    |
| February 26, 1990   | Preferential Allotment                          | 80                      | 100                                | 100  | Cash   | 840                                | 0.01                   | 0.01                    |
| March 30, 1990  | Preferential Allotment                          | 110                     | 100                                | 100  | Cash   | 950                                | 0.01                   | 0.01                    |
| April 30, 1990  | Preferential Allotment                          | 50                      | 100                                | 100  | Cash   | 1000                               | 0.01                   | 0.00                    |
| December 11, 1994   | Preferential Allotment                          | 3,000                   | 100                                | 100  | Cash   | 4,000                              | 0.39                   | 0.29                    |
| October 30, 2003  | Preferential Allotment                          | 1,355                   | 100                                | 100  | Cash   | 5,355                              | 0.18                   | 0.13                    |
| March 31, 2004  | Preferential Allotment                          | 345                     | 100                                | 100  | Cash   | 5,700                              | 0.04                   | 0.03                    |
| September 30, 2008  | Preferential Allotment                          | 4,000                   | 100                                | 125  | Cash   | 9,700                              | 0.52                   | 0.38                    |
| January 19, 2009  | Preferential Allotment                          | 1,840                   | 100                                | 125  | Cash   | 11,540                             | 0.24                   | 0.17                    |
| February 15, 2013   | Sub-division of shares from ₹ 100 to ₹ 10 each. | 1,15,400                | 10                                 | -  | Cash   | 1,15,400                           | 1.50                   | 1.10                    |
| March 30, 2013  | Bonus Issue                                     | 57,700                  | 10                                 | -  | Consideration other than Cash                    | 1,73,100                           | 0.75                   | 0.55                    |
| October 04, 2014  | Allotment pursuant to scheme of arrangement     | 753                     | 10                                 | -  | Consideration other than Cash                    | 1,73,853                           | 0.01                   | 0.01                    |
| March 25, 2017  | Transfer from Jhansi Kumar Sikharam             | 1,250                   | 10                                 | 59   | Cash   | 1,75,103                           | 0.02                   | 0.01                    |
| March 28, 2017  | Transfer from Srinivas Moola                    | 1,160                   | 10                                 | 59   | Cash   | 1,76,263                           | 0.02                   | 0.01                    |
|   | Transfer from M. Vasudev Rao                    | 3,000                   | 10                                 | 59   | Cash   | 1,79,263                           | 0.04                   | 0.03                    |
| January 01, 2019  | Transfer from Vijay Amrutlal Bhavsar            | 18,182                  | 10                                 | 10   | Cash   | 1,97,445                           | 0.24                   | 0.17                    |
| March 30, 2019  | Transfer from Claudia Beatiz Lopez Lira         | 5,470                   | 10                                 | 65.02  | Cash   | 2,02,915                           | 0.07                   | 0.05                    |
|   | Transfer to RPS Family Trust                    | 03                      | 10                                 | 63   | Cash   | 2,02,912                           | (0.00)                 | (0.00)                  |
| November 21, 2019   | Bonus Issue                                     | 3,04,368                | 10                                 | -  | Consideration other than Cash                    | 5,07,280                           | 3.96                   | 2.89                    |

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue / transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|-----------------------|-------------------------|------------------------------------|--|--|------------------------------------|------------------------|-------------------------|
| <b>Total</b>  |                       | <b>5,07,280</b>         |                                    |  |  |                                    | <b>6.60</b>            | <b>4.82</b>             |

**b) Chidambarnathan Shanmuganathan**

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction                           | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue / transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|---|-------------------------|------------------------------------|--|--|------------------------------------|------------------------|-------------------------|
| February 01, 1990   | Preferential Allotment                          | 1,300                   | 100                                | 100  | Cash   | 1,300                              | 0.17                   | 0.12                    |
| April 30, 1990  | Preferential Allotment                          | 200                     | 100                                | 100  | Cash   | 1,500                              | 0.03                   | 0.02                    |
| June 20, 1993   | Transfer from R.D. Yadav                        | 300                     | 100                                | 100  | Cash   | 1,800                              | 0.04                   | 0.03                    |
| December 11, 1994   | Preferential Allotment                          | 3,000                   | 100                                | 100  | Cash   | 4,800                              | 0.39                   | 0.29                    |
| October 30, 2003  | Preferential Allotment                          | 1,500                   | 100                                | 100  | Cash   | 6,300                              | 0.20                   | 0.14                    |
| September 30, 2008  | Preferential Allotment                          | 2,000                   | 100                                | 125  | Cash   | 8,300                              | 0.26                   | 0.19                    |
| January 16, 2009  | Transfer to B.R. Yadav                          | (500)                   | 100                                | 100  | Cash   | (7,800)                            | (0.07)                 | (0.05)                  |
| January 19, 2009  | Preferential Allotment                          | 2,000                   | 100                                | 125  | Cash   | 9,800                              | 0.26                   | 0.19                    |
| December 01, 2009   | Preferential Allotment                          | 3,935                   | 100                                | 125  | Cash   | 13,735                             | 0.51                   | 0.37                    |
| December 22, 2009   | Transfer from Veena Gahlot                      | 2,470                   | 100                                | 155  | Cash   | 16,205                             | 0.32                   | 0.23                    |
| February 15, 2013   | Sub-division of shares from ₹ 100 to ₹ 10 each. | 1,62,050                | 10                                 | -  | Cash   | 1,62,050                           | 2.11                   | 1.54                    |
| March 30, 2013  | Bonus Issue                                     | 81,025                  | 10                                 | -  | Consideration other than Cash                    | 2,43,075                           | 1.05                   | 0.77                    |
| October 04, 2014  | Allotment pursuant to scheme of arrangement     | 15,703                  | 10                                 | -  | Consideration other than Cash                    | 2,58,778                           | 0.20                   | 0.15                    |
| November 21, 2019   | Bonus Issue                                     | 3,88,167                | 10                                 | -  | Consideration other than Cash                    | 6,46,945                           | 5.05                   | 3.69                    |
| <b>Total</b>  |   | <b>6,46,945</b>         |                                    |  |  |                                    | <b>8.42</b>            | <b>6.15</b>             |

**c) Amit Raj Sinha**

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction  | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue / transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|------------------------|-------------------------|------------------------------------|--|--|------------------------------------|------------------------|-------------------------|
| March 30, 1990  | Preferential Allotment | 50                      | 100                                | 100  | Cash   | 50                                 | 0.01                   | 0.00                    |
| December 11, 1994   | Preferential Allotment | 80                      | 100                                | 100  | Cash   | 130                                | 0.01                   | 0.01                    |
| January 19, 2009  | Preferential Allotment | 3,616                   | 100                                | 125  | Cash   | 3,746                              | 0.47                   | 0.34                    |
| August 10, 2010   | Transfer from          | 710                     | 100                                | 450  | Cash   | 4,456                              | 0.09                   | 0.07                    |

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction                           | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue/ transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|---|-------------------------|------------------------------------|---|--|------------------------------------|------------------------|-------------------------|
|   | Ganesh Singh Gahlot                             |                         |                                    |   |  |                                    |                        |                         |
| February 15, 2013   | Sub-division of shares from ₹ 100 to ₹ 10 each. | 44,560                  | 10                                 | -   | Cash   | 44,560                             | 0.58                   | 0.42                    |
| March 30, 2013  | Bonus Issue                                     | 22,280                  | 10                                 | -   | Consideration other than Cash                    | 66,840                             | 0.29                   | 0.21                    |
| October 04, 2014  | Allotment pursuant to scheme of arrangement     | 32,865                  | 10                                 | -   | Consideration other than Cash                    | 99,705                             | 0.43                   | 0.31                    |
| March 28, 2017  | Preferential Allotment                          | 73,000                  | 10                                 | 59  | Cash   | 1,72,705                           | 0.95                   | 0.69                    |
| March 30, 2019  | Transfer from Sudha Sinha                       | 03                      | 10                                 | 63  | Cash   | 1,72,708                           | 0.00                   | 0.00                    |
| November 21, 2019   | Bonus Issue                                     | 2,59,062                | 10                                 | -   | Consideration other than Cash                    | 4,31,770                           | 3.37                   | 2.46                    |
| <b>Total</b>  |   | <b>4,31,770</b>         |                                    |   |  |                                    | <b>5.62</b>            | <b>4.10</b>             |

**d) RPS Projects and Developers Private Limited**

| Date of Allotment / transfer and Date when made fully paid-up | Nature of transaction                           | Number of Equity Shares | Face value per Equity Share (in ₹) | Issue/ transfer price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | Cumulative number of Equity Shares | % of pre issue capital | % of post issue capital |
|---|---|-------------------------|------------------------------------|---|--|------------------------------------|------------------------|-------------------------|
| September 30, 2008  | Preferential Allotment                          | 4,800                   | 100                                | 100   | Cash   | 4,800                              | 0.62                   | 0.46                    |
| February 15, 2013   | Sub-division of shares from ₹ 100 to ₹ 10 each. | 48,000                  | 10                                 | -   | Cash   | 48,000                             | 0.62                   | 0.46                    |
| March 30, 2013  | Bonus Issue                                     | 24,000                  | 10                                 | -   | Consideration other than Cash                    | 72,000                             | 0.31                   | 0.23                    |
| August 31, 2013   | Transfer from Sudha Sinha                       | 41,580                  | 10                                 | 10  | Cash   | 1,13,580                           | 0.54                   | 0.40                    |
| October 04, 2014  | Allotment pursuant to scheme of arrangement     | 6,04,340                | 10                                 | -   | Consideration other than Cash                    | 7,17,920                           | 7.87                   | 5.74                    |
| March 31, 2015  | Preferential Allotment                          | 2,86,310                | 10                                 | 59  | Cash   | 10,04,230                          | 3.73                   | 2.72                    |
| November 21, 2019   | Bonus Issue                                     | 15,06,345               | 10                                 | -   | Consideration other than Cash                    | 25,10,575                          | 19.61                  | 14.31                   |
| <b>Total</b>  |   | <b>25,10,575</b>        |                                    |   |  |                                    | <b>32.68</b>           | <b>23.86</b>            |

10. As on the date of the Draft Red Herring Prospectus, the Company has 31 (thirty one) members/shareholders.

11. The details of the Shareholding of the members of the Promoter Group as on the date of this Draft Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholders | Pre-Issue               |                         | Post- Issue             |                         |
|---------|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|         |                          | Number of Equity Shares | % of total shareholding | Number of Equity Shares | % of total shareholding |

| Sr. No.      | Name of the Shareholders                    | Pre-Issue               |                         | Post- Issue             |                         |
|--------------|---|-------------------------|-------------------------|-------------------------|-------------------------|
|              |   | Number of Equity Shares | % of total shareholding | Number of Equity Shares | % of total shareholding |
| 1.           | RPS Projects and Developers Private Limited | 25,10,575               | 32.68                   | 25,10,575               | 23.86                   |
| 2.           | Chidambarnathan Shanmuganathan              | 6,46,945                | 8.42                    | 6,46,945                | 6.15                    |
| 3.           | Rabindra Prasad Sinha*                      | 5,07,280                | 6.60                    | 5,07,280                | 4.82                    |
| 4.           | Amit Raj Sinha*                             | 4,31,770                | 5.62                    | 4,31,770                | 4.10                    |
| 5.           | Chidambaranathan Dharani Devi               | 2,47,875                | 3.23                    | 2,47,875                | 2.36                    |
| 6.           | Nitin Raj Sinha                             | 2,12,475                | 2.76                    | 2,12,475                | 2.02                    |
| 7.           | RPS Family Trust                            | 1,53,320                | 1.99                    | 1,53,320                | 1.46                    |
| 8.           | Smita Sinha                                 | 1,01,875                | 1.32                    | 1,01,875                | 0.97                    |
| 9.           | Amit Raj Sinha Family Trust                 | 98,750                  | 1.28                    | 98,750                  | 0.94                    |
| 10.          | Sudha Sinha                                 | 28,480                  | 0.37                    | 28,480                  | 0.27                    |
| 11.          | Bimla Sharma                                | 15,375                  | 0.20                    | 15,375                  | 0.15                    |
| 12.          | Ganesh Shanmugam                            | 5,625                   | 0.07                    | 5,625                   | 0.05                    |
| 13.          | C. Karthika                                 | 5,625                   | 0.07                    | 5,625                   | 0.05                    |
| <b>Total</b> |   | <b>56,12,915</b>        | <b>64.64</b>            | <b>56,12,915</b>        | <b>47.19</b>            |

\*Rabindra Prasad Sinha and Amit Raj Sinha are the directors of our Corporate Promoter RPS Projects and Developers Private Limited.

12. The Promoter, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of six (06) months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.
13. There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and 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 the financing entity during the period of six (06) months immediately preceding the date of filing of the Draft Red Herring Prospectus.

**14. Details of Promoters' contribution locked in for three years.**

Pursuant to Regulation 14 and 16 of the SEBI (ICDR) Regulations, an aggregate of 20.00% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment ("Minimum Promoter's Contribution"), and the Promoters' shareholding in excess of 20% of the fully diluted post-Issue Equity Share capital shall be locked in for a period of one year from the date of Allotment.

The lock-in of the Minimum Promoter's Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock exchange before the listing of the Equity Shares.

Following are the details of Minimum Promoter's Contribution:

| Number of Equity Shares locked-in <sup>*(1)(2)</sup> | Nature of Allotment / Transfer | Date of Allotment and Date when made fully paid-up | Face value (in ₹) | Issue / Acquisition Price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | % of fully diluted post-Issue paid-up capital | Period of lock-in |
|--|--------------------------------|--|-------------------|---|--|---|-------------------|
| <b>Rabindra Prasad Sinha</b>                         |                                |  |                   |   |  |   |                   |
| 2,60,638   | Bonus                          | November 21, 2019                                  | 10                | -   | Bonus Issue                                      | 2.48  | 3 years           |
| <b>SUB-TOTAL</b>                                     |                                |  |                   |   |  | <b>2.48</b>                                   |                   |
| <b>Chidambarnathan Shanmuganathan</b>                |                                |  |                   |   |  |   |                   |
| 3,32,397   | Bonus                          | November 21, 2019                                  | 10                | -   | Bonus Issue                                      | 3.16  | 3 years           |
| <b>SUB-TOTAL</b>                                     |                                |  |                   |   |  | <b>3.16</b>                                   |                   |
| <b>Amit Raj Sinha</b>                                |                                |  |                   |   |  |   |                   |
| 2,21,842   | Bonus                          | November 21, 2019                                  | 10                | -   | Bonus Issue                                      | 2.10  | 3 years           |

| Number of Equity Shares locked-in <sup>*(1)(2)</sup> | Nature of Allotment / Transfer | Date of Allotment and Date when made fully paid-up | Face value (in ₹) | Issue / Acquisition Price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | % of fully diluted post-Issue paid-up capital | Period of lock-in |
|--|--------------------------------|--|-------------------|---|--|---|-------------------|
| <b>Rabindra Prasad Sinha</b>                         |                                |  |                   |   |  |   |                   |
| <b>SUB-TOTAL</b>                                     |                                |  |                   |   |  | <b>2.10</b>                                   |                   |
| <b>RPS Projects and Developers Private Limited</b>   |                                |  |                   |   |  |   |                   |
| 12,89,923  | Bonus                          | November 21, 2019                                  | 10                | -   | Bonus Issue                                      | 12.26   | 3 years           |
| <b>SUB-TOTAL</b>                                     |                                |  |                   |   |  | <b>12.26</b>                                  |                   |
| <b>TOTAL</b>   | <b>21,04,800</b>               |  |                   |   |  | <b>20.00</b>                                  | <b>3 years</b>    |

\* Subject to finalisation of Basis of Allotment.

(1) For a period of three years from the date of allotment.

(2) All Equity Shares have been fully paid-up at the time of allotment.

(3) All Equity Shares held by our Promoters are in dematerialized form.

For details on the build-up of the Equity Share capital held by our Promoters, see “Details of the Build-up of our Promoters’ shareholding” on page 89.

The Promoter’s Contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as ‘promoter’ under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoter’s Contribution under Regulation 15 of the SEBI (ICDR) Regulations. In this computation, as per Regulation 15 of the SEBI (ICDR) Regulations, our Company confirms that the Equity Shares which are being locked-in do not, and shall not, consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets
- Equity Shares resulting from bonus issue by utilisation of revaluations reserves or unrealised profits of the Company or from bonus issue against Equity Shares which are otherwise ineligible for minimum promoters’ contribution;
- Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- Equity Shares issued to the Promoters upon conversion of a partnership firm;
- Equity Shares held by the Promoters that are subject to any pledge; and
- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters’ Contribution subject to lock-in.

Our Company has not been formed by the conversion of a partnership firm into a company in the past one year and thus, no Equity Shares have been issued to our Promoters upon conversion of a partnership firm in the past one year. All the Equity Shares held by the Promoters and the members of the Promoter Group are held in dematerialized form.

In terms of undertaking executed by our Promoter, Equity Shares forming part of Promoter’s Contribution subject to lock in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of this Draft Red Herring Prospectus till the date of commencement of lock in period as stated in this Draft Red Herring Prospectus.

Other than the Equity Shares locked-in as Promoter’s Contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company, including the excess of minimum Promoter’s

Contribution, as per Regulation 16 (1) (b) and 17 of the SEBI (ICDR) Regulations, shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Issue. Such lock – in of the Equity Shares would be created as per the bye laws of the Depositories.

#### ***Other requirements in respect of ‘lock-in’***

In terms of Regulation 22 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 17 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 16 (1) of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 21(a) of the SEBI (ICDR) Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions or a systemically important non-banking finance company or a housing finance company as collateral security for loans granted by such banks or financial institutions, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

In terms of Regulation 21(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans;

An oversubscription to the extent of 10% of the Issue can be retained for the purposes of rounding off to the nearer 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 the Promoters and subject to lock- in shall be suitably increased so as to ensure that 20% of the Post Issue paid-up capital is locked in for 3 years.

The Equity Shares held by persons other than our Promoters and locked-in for a period of one year from the date of Allotment may be transferred to any other person holding the Equity Shares which are locked-in, subject to the continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

#### **Lock-in of Equity Shares Allotted to Anchor Investors**

In terms of Schedule XIII of the SEBI ICDR Regulations, the Equity Shares, if any, allotted to Anchor Investors shall be locked in for a period of 30 days from the date of Allotment of such Equity Shares.

15. Our Company, our Promoter, our Directors and the BRLM have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Issue.
16. There have been no financing arrangements whereby our Directors or any of their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.
17. No person connected with the Issue, including, but not limited to, our Company, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Issue.



18. Except for the Pre-IPO Placement, if any, there neither have been and there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded, as the case may be.
19. Our Company has no outstanding warrants, options to be issued or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Draft Red Herring Prospectus.
20. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
21. Our Company shall ensure that any transactions in Equity Shares by our Promoters and the Promoter Group during the period between the date of filing the Draft Red Herring Prospectus and the date of closure of the Issue, shall be reported to the Stock Exchanges within 24 hours of the transaction.
22. All Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.
23. As on the date of this Draft Red Herring Prospectus, the BRLM and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLM and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
24. Our Promoter and the members of our Promoter Group will not participate in the Issue.
25. Following are the details of Equity Shares of our Company held by our Directors, Key Management Personnel:

| Sr. No. | Name of the Shareholders       | No. of Equity Shares | % of Pre-Issue Equity Share Capital |
|---------|--------------------------------|----------------------|-------------------------------------|
| 1.      | Chidambarnathan Shanmuganathan | 6,46,945             | 8.42                                |
| 2.      | Rabindra Prasad Sinha          | 5,07,280             | 6.60                                |
| 3.      | Amit Raj Sinha                 | 4,31,770             | 5.62                                |
| 4.      | Vijay Amrutlal Bhavsar         | 2,72,220             | 3.54                                |

26. Our Company has not raised any bridge loans which are proposed to be repaid from the proceeds of the Issue.

## OBJECTS OF THE ISSUE

We intend to utilize the Proceeds of the Issue, after deducting the Issue related expenses, as estimated to be ₹ [●] lacs (the “**Net Proceeds**”).

Our Company proposes to utilize the Net Proceeds from the Issue towards the following objects:

1. Expansion of production facilities for microcrystalline cellulose (MCC) at Dahej, Gujarat;
  2. Expansion of production facilities for microcrystalline cellulose (MCC) at Jhagadia, Gujarat;
  3. General Corporate Purposes
- (Collectively, referred to herein as the “**Objects**”)

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enable 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.

Additionally, 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.

### Issue Proceeds

The details of the proceeds of the Issue are set out in the following table:

| Particulars                   | Estimated amount <sup>(1)</sup><br>(₹ in lacs) |
|-------------------------------|--|
| Gross Proceeds from the Issue | [●]  |
| (Less) Issue related expenses | [●]  |
| <b>Net Proceeds</b>           | [●]  |

<sup>(1)</sup>To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC.

### Requirement of Funds and Utilization of Net Proceeds

The Net Proceeds are proposed to be used in the manner set out in the following table:

| Sr. No. | Particulars   | Estimated amount<br>(₹ in lacs) |
|---------|---|---------------------------------|
| 1.      | Expansion of production facilities for microcrystalline cellulose (MCC) at Dahej    | 2,257.25                        |
| 2.      | Expansion of production facilities for microcrystalline cellulose (MCC) at Jhagadia | 2,477.99                        |
| 3.      | General corporate purposes <sup>(1)</sup>   | [●]                             |

<sup>(1)</sup>To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the ROC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

### Schedule of implementation

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.

| Sr. No. | Particulars   | Total Estimated Cost | Amount already incurred as on September 14, 2020 <sup>1</sup> | Amount to be funded from the Net Proceeds | Estimated Utilisation of Net Proceeds<br>(₹ in lacs) |             |
|---------|---|----------------------|---|---|--|-------------|
|         |   |                      |   |   | Fiscal 2021  | Fiscal 2022 |
| 1       | Expansion of production facilities for microcrystalline cellulose (MCC) at Dahej    | 2,257.25             | Nil   | 2,257.25                                  | 400.00   | 1,857.25    |
| 2       | Expansion of production facilities for microcrystalline cellulose (MCC) at Jhagadia | 2,477.99             | 75.27   | 2,477.99                                  | 500.00   | 1,977.99    |

<sup>1</sup> As certified by T Adinarayana & Co., Chartered Accountants, by way of their certificate dated September 15, 2020. The amount expended by our Company shall be recouped from the IPO proceeds.

| Sr. No. | Particulars                             | Total Estimated Cost | Amount already incurred as on September 14, 2020 <sup>1</sup> | Amount to be funded from the Net Proceeds | Estimated Utilisation of Net Proceeds |
|---------|---|----------------------|---|---|---------------------------------------|
| 3       | General corporate purposes <sup>2</sup> | [•]                  | Nil   | [•]                                       | [•]                                   |

Given the nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the Projects, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, start-up costs, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds from the Fresh Issue in accordance with Regulation 7(2) of the SEBI ICDR Regulations.

In case of a shortfall in raising requisite capital from the Net Proceeds or an increase in the total estimated costs of the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, as per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned objects.

Since, our Company is not proposing to set up a project with the proceeds of this Issue, we are not required to make firm arrangements of finance through verifiable means towards seventy five per cent of the stated means of finance.

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution and are based on valid quotations received from vendors and suppliers, which are subject to change in the future. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy. For further details of factors that may affect these estimates, see “*Risk Factors*” on page 26.

#### Details of Objects of the Issue

As part of our strategy to expand our manufacturing operations and production capacity, we propose:

1. Expansion of production facilities for microcrystalline cellulose (MCC) at our existing unit at Dahej
2. Expansion of production facilities for microcrystalline cellulose (MCC) at our existing unit at Jhagadia

For further details see “*Our Business – Our Strategies*” on page 165.

As on August 31, 2020, our total manufacturing capacities are as under:

| Unit Location            | Dahej | Jhagadia | Hyderabad |
|--------------------------|-------|----------|-----------|
| <i>All units in MTPA</i> |       |          |           |
| Existing capacity (MCC)  | 4,380 | 2,160    | 6,048     |
| Proposed expansion (MCC) | 3,600 | 3,600    | --        |
| Expected capacity (MCC)  | 7,980 | 5,760    | 6,048     |

<sup>2</sup> To be finalized on determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.

## Means of Finance

The total funds required for the Project are approximately ₹ [●] lacs.

| (₹ in lacs)   |                |
|---|----------------|
| Particulars   | Amount         |
| Total estimated project cost (A)                                      | 4,735.24       |
| (less) Expenses already incurred as of September 14, 2020 (B)         | 75.27          |
| Balance amount to be incurred (C) = (A-B)                             | 4,659.97       |
| Amount to be funded from Net Proceeds (D)                             | 4,735.24       |
| Funding required excluding the Net Proceeds (E) = (C - D)             | Not Applicable |
| Stated means of finance excluding the Net Proceeds (F) = 75% of (C-D) | Not Applicable |
| Debt facility (G)   | Not Applicable |
| Equity funding (H)  | Not Applicable |
| Total amount tied up (G+H)  | Not Applicable |

A brief description of the project cost is detailed below:

### 1. Expansion of production facilities for microcrystalline cellulose (MCC) at Dahej, Gujarat

Our existing unit at Dahej which manufactures MCC has a capacity to manufacture 4,380 MTPA. The management expects increase in the demand from our existing and new customers for MCC and intends to enhance the production facilities by 3,600 MTPA to a total of 7,980 MTPA. The cost of setting up of the enhanced production facility includes expenditure towards site development, civil and electrical works and plant and machinery costs. We confirm that none of the Plant & Machinery and ancillary equipment are second-hand in nature.

**Land:** The capacity enhancement is being set up on the existing premises and no land is proposed to be purchased for the same.

**Location:** The proposed expansion will be carried out at the same location as our existing unit located at: Plot No. Z/16 in Dahej SEZ, S.No, 353/P, 354P village Suva, Taluka-Vargra, District-Bharuch, Gujarat.

**Plant Machinery, Technology and Process:** The Plant, Machinery, Technology and process will be similar to the existing unit which is described more lucidly in the chapter titled “Our Business” on page 159. The list of Plant and Machinery proposed to be purchased is detailed below:

| Sr. No                              | Project cost details                     | ₹ in lacs       |
|-------------------------------------|--|-----------------|
| A.                                  | Equipment - Production & Packing         | 655.30          |
| B.                                  | Equipment - Warehouse                    | 52.19           |
| C.                                  | Storage Tanks                            | 100.84          |
| D.                                  | Pumps                                    | 28.03           |
| E.                                  | Equipment - Utility                      | 213.75          |
| F.                                  | Piping Fabrication                       | 31.46           |
| G.                                  | HVAC                                     | 60.00           |
| H.                                  | Safety Hydrants & Other Safety Equipment | 23.95           |
| I.                                  | QC / Micro Instruments                   | 115.00          |
| J.                                  | Civil Cost                               | 829.06          |
| K.                                  | Electrical costs                         | 147.67          |
| <b>Total estimated project cost</b> |  | <b>2,257.25</b> |

### A. Equipment - Production & Packing

| Sr. No. | Particulars                    | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference           |
|---------|--------------------------------|-----------------------|-------------------------|---------------------|-------------------------------|
| 1       | Electrical Hoist, Brand: Indef | 2                     | 4.6                     | 9.2                 | SPPL/Sur/20-21/QUOT/HAB-0118  |
|         | Used for: Lifting wood pulp    |                       |                         |                     | Supplier: Southern Plant Aids |
|         |                                |                       |                         |                     | Date: 08-08-2020              |

| Sr. No.          | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                                |
|------------------|---|-----------------------|-------------------------|---------------------|--|
| 2                | Shredding machine, Brand: Raj Electricals                     | 1                     | 16.6                    | 16.6                | 37/RE/2020-21                                      |
|                  | Used for: Shredding wood pulp                                 |                       |                         |                     | Supplier: Raj Electricals                          |
|                  |   |                       |                         |                     | Date: 04-08-2020                                   |
| 3                | Transfer system, Brand: Mojj                                  | 1                     | 72                      | 72                  | MES/QT/GB/MMS/34003/1070/2020                      |
|                  | Used for: Wood pulp transfer for old building to new building |                       |                         |                     | Supplier: Mojj Engineering                         |
|                  |   |                       |                         |                     | Date: 20-08-2020                                   |
| 4                | Hopper with Screw Conveyer, Brand: Mojj                       | 1                     | 40                      | 40                  | MES/QT/GB/MMS/34002/1074/2020                      |
|                  | Used for: Wood pulp hopper                                    |                       |                         |                     | Supplier: Mojj Engineering                         |
|                  |   |                       |                         |                     | Date: 22-08-2020                                   |
| 5                | Glass Line Reactor, Brand: Standard Glass                     | 2                     | 22.8                    | 45.6                | Standard/1S6051                                    |
|                  | Used for: Glass Lining  |                       |                         |                     | Supplier: Standard Glass Lining Technology Pvt Ltd |
|                  |   |                       |                         |                     | Date: 20-08-2020                                   |
| 6                | Horizontal Vacuum Belt Filter, Brand: BHS                     | 1                     | 150                     | 150                 | SES/20-21/154                                      |
|                  | Used for: Filtering   |                       |                         |                     | Supplier: Sabari Engineering Service               |
|                  |   |                       |                         |                     | Date: 11-08-2020                                   |
| 7                | Spray Dryer, Brand: Mojj                                      | 1                     | 286.95                  | 286.95              | MES/QT/GB/MSD/34001A/1020/2020                     |
|                  | Used for: Spray Drying  |                       |                         |                     | Supplier: Mojj Engineering                         |
|                  |   |                       |                         |                     | Date: 09-08-2020                                   |
| 8                | Mechanical Shifter, Brand: Bombay Pharma                      | 2                     | 5.9                     | 11.8                | BPEPL/H/070/2020-21                                |
|                  | Used for: Mechanical Sifting                                  |                       |                         |                     | Supplier: Bombay Pharma Equipments Pvt Ltd         |
|                  |   |                       |                         |                     | Date: 08-08-2020                                   |
| 9                | Packing Machine, Brand: Prochem                               | 1                     | 23.15                   | 23.15               | PTPL/SBR/Q-911                                     |
|                  | Used for: Packaging   |                       |                         |                     | Supplier: Prochem Turnkey Projects Pvt Ltd         |
|                  |   |                       |                         |                     | Date: 06-08-2020                                   |
| <b>Total (A)</b> |   |                       |                         | <b>655.30</b>       |  |

#### B. Equipment – Warehouse

| Sr. No. | Particulars | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference |
|---------|-------------|-----------------------|-------------------------|---------------------|---------------------|
|---------|-------------|-----------------------|-------------------------|---------------------|---------------------|

| Sr. No.          | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference   |
|------------------|---|-----------------------|-------------------------|---------------------|---|
| 1                | Hand Pellet Truck, Brand: Godrej, Model: GPT 2500<br>Used for: Transporting Pellets | 2                     | 0.46                    | 0.92                | DVPS/SALES/GPT2500/SIL/28420--001<br>Supplier: DVPS Private Ltd<br>Date: 28-08-2020       |
| 2                | Fork Lift, Brand: Godrej, Model: GX NEO 300 E<br>Used for: Transportation           | 1                     | 12.48                   | 12.48               | DVPS/SALES/SIL/3TE NEO/28420/002<br>Supplier: DVPS Private Ltd<br>Date: 28-08-2020        |
| 3                | Hydraulic Ramp, Brand: Godrej, Model: GDL 90<br>Used for: Transportation            | 1                     | 2.53                    | 2.53                | DVPS/SALES/SIL/GDL90/2520/01<br>Supplier: DVPS Private Ltd<br>Date: 28-08-2020            |
| 4                | Hoist, Brand: Indef<br>Used for: Transportation                                     | 2                     | 4.6                     | 9.2                 | SPPL/Sur/20-21/QUOT/HAB-0118<br>Supplier: Southern Plant Aids Pvt Ltd<br>Date: 08-08-2020 |
| 5                | MS Pallet (FG)<br>Used for: Transportation for finished goods                       | 150                   | 0.038                   | 5.7                 | NA<br>Supplier: local   |
| 6                | MS Pallet (WP)<br>Used for: Transportation for wood pulp                            | 200                   | 0.038                   | 7.6                 | NA<br>Supplier: local   |
| 7                | MS Ramp, Brand: Nilkamal, Model: NKMDN10YEL<br>Used for: Forklift movement          | 2                     | 4.5                     | 9                   | MHE/Baroda/2020-08-06/QUO-00057912-01<br>Supplier: Nilkamal Ltd<br>Date: 06-08-2020       |
| 8                | Bag conveying system, Brand: Nilkamal<br>Used for: Bag movement                     | 1                     | 2.25                    | 2.25                | MHE/Baroda/2020-08-06/QUO-00057912-01<br>Supplier: Nilkamal Ltd<br>Date: 06-08-2020       |
| 9                | Weighing Balance, Brand: Jisil<br>Used for: Weighing                                | 1                     | 2.51                    | 2.51                | SIL/ETPL/HY-395/111/20-21<br>Supplier: Essae-Teraoka Pvt. Ltd.<br>Date: 19-08-2020        |
| <b>Total (B)</b> |   |                       |                         | <b>52.19</b>        |   |

### C. Storage Tanks

| Sr. No. | Particulars                      | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                |
|---------|----------------------------------|-----------------------|-------------------------|---------------------|------------------------------------|
| 1       | GIDC RO Permeate tank            | 1                     | 1.95                    | 1.95                | SVDC/2021/156                      |
|         |                                  |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|         |                                  |                       |                         |                     | Date: 05-08-2020                   |
| 2       | DM water holder tank             | 1                     | 1.95                    | 1.95                | SVDC/2021/156                      |
|         |                                  |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|         |                                  |                       |                         |                     | Date: 05-08-2020                   |
| 3       | Overhead Tank                    | 1                     | 1.95                    | 1.95                | SVDC/2021/156                      |
|         |                                  |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|         |                                  |                       |                         |                     | Date: 05-08-2020                   |
| 4       | GIDC RO Non-permeate             | 1                     | 0.88                    | 0.88                | AEC/124/20-21                      |
|         |                                  |                       |                         |                     | ACME Engineering Company           |
|         |                                  |                       |                         |                     | Date: 24-08-2020                   |
| 5       | DM Water Regeneration Tank       | 1                     | 2.53                    | 2.53                | AEC/124/20-21                      |
|         |                                  |                       |                         |                     | ACME Engineering Company           |
|         |                                  |                       |                         |                     | Date: 24-08-2020                   |
| 6       | Raw water tank                   | 1                     | 1.35                    | 1.35                | SVDC/2021/156                      |
|         |                                  |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|         |                                  |                       |                         |                     | Date: 05-08-2020                   |
| 7       | Caustic tank                     | 1                     | 0.75                    | 0.75                | Mail Dt: 17-08-2020                |
|         |                                  |                       |                         |                     | Supplier: Ryali Engineers          |
|         |                                  |                       |                         |                     | Date: 17-08-2020                   |
| 8       | Acid tank                        | 1                     | 1.05                    | 1.05                | Mail Dt: 17-08-2020                |
|         |                                  |                       |                         |                     | Supplier: Ryali Engineers          |
|         |                                  |                       |                         |                     | Date: 17-08-2020                   |
| 9       | In-process purified water tank   | 1                     | 1.28                    | 1.28                | S2E/SIL/173/20-21                  |
|         |                                  |                       |                         |                     | Supplier: S2 Engineering Services  |
|         |                                  |                       |                         |                     | Date: 24-08-2020                   |
| 10      | Hydrolysed material holding tank | 1                     | 2.95                    | 2.95                | SVDC/2021/156                      |
|         |                                  |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|         |                                  |                       |                         |                     | Date: 05-08-2020                   |
| 11      | Process air receiver             | 1                     | 2.75                    | 2.75                | S2E/SIL/173/20-21                  |

| Sr. No. | Particulars  | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|---------|--|-----------------------|-------------------------|---------------------|--|
|         |  |                       |                         |                     | Supplier: S2 Engineering Services<br>Date: 24-08-2020                      |
| 12      | Reaction mass feed to agitator                       | 1                     | 1.05                    | 1.05                | SVDC/2021/156<br>Supplier: SVDC Reinforced Plastics<br>Date: 05-08-2020    |
| 13      | 1st Wash tank for filter                             | 1                     | 6.1                     | 6.1                 | S2E/SIL/173/20-21<br>Supplier: S2 Engineering Services<br>Date: 24-08-2020 |
| 14      | 2nd Wash tank for filter                             | 1                     | 6.1                     | 6.1                 | S2E/SIL/173/20-21<br>Supplier: S2 Engineering Services<br>Date: 24-08-2020 |
| 15      | Final Wash tank for filter                           | 1                     | 6.1                     | 6.1                 | S2E/SIL/173/20-21<br>Supplier: S2 Engineering Services<br>Date: 24-08-2020 |
| 16      | Acid drain water collector tank                      | 1                     | 1.5                     | 1.5                 | SVDC/2021/156<br>Supplier: SVDC Reinforced Plastics<br>Date: 05-08-2020    |
| 17      | First wash water collection tank                     | 1                     | 1.5                     | 1.5                 | SVDC/2021/156<br>Supplier: SVDC Reinforced Plastics<br>Date: 05-08-2020    |
| 18      | 2 <sup>nd</sup> and Final wash water collection tank | 1                     | 1.5                     | 1.5                 | SVDC/2021/156<br>Supplier: SVDC Reinforced Plastics<br>Date: 05-08-2020    |
| 19      | Belt cleaning system                                 | 3                     | 2.5                     | 7.5                 | Mail Dt: 17-08-2020<br>Supplier: Ryali Engineers<br>Date: 17-08-2020       |
| 20      | Caustic trap - Belt filter                           | 1                     | 0.75                    | 0.75                | Mail Dt: 17-08-2020<br>Supplier: Ryali Engineers<br>Date: 17-08-2020       |
| 21      | Liquid seal pot                                      | 1                     | 1.05                    | 1.05                | Mail Dt: 17-08-2020  |



| Sr. No.          | Particulars              | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                |
|------------------|--------------------------|-----------------------|-------------------------|---------------------|------------------------------------|
|                  |                          |                       |                         |                     | Supplier: Ryali Engineers          |
|                  |                          |                       |                         |                     | Date: 17-08-2020                   |
| 22               | Acid water recycled tank | 2                     | 2.95                    | 5.9                 | SVDC/2021/156                      |
|                  |                          |                       |                         |                     | Supplier: SVDC Reinforced Plastics |
|                  |                          |                       |                         |                     | Date: 05-08-2020                   |
| 23               | Blunger tank             | 1                     | 6.10                    | 6.10                | S2E/SIL/173/20-21                  |
|                  |                          |                       |                         |                     | Supplier: S2 Engineering Services  |
|                  |                          |                       |                         |                     | Date: 24-08-2020                   |
| 24               | Slurry preparation tank  | 1                     | 10.5                    | 10.5                | S2E/SIL/173/20-21                  |
|                  |                          |                       |                         |                     | Supplier: S2 Engineering Services  |
|                  |                          |                       |                         |                     | Date: 24-08-2020                   |
| 25               | Slurry holding tank      | 1                     | 10.50                   | 10.50               | S2E/SIL/173/20-21                  |
|                  |                          |                       |                         |                     | Supplier: S2 Engineering Services  |
|                  |                          |                       |                         |                     | Date: 24-08-2020                   |
| 26               | Slurry feed tank         | 1                     | 10.50                   | 10.50               | S2E/SIL/173/20-21                  |
|                  |                          |                       |                         |                     | Supplier: S2 Engineering Services  |
|                  |                          |                       |                         |                     | Date: 24-08-2020                   |
| 27               | Scrubber tank            | 1                     | 2.75                    | 2.75                | S2E/SIL/173/20-21                  |
|                  |                          |                       |                         |                     | Supplier: S2 Engineering Services  |
|                  |                          |                       |                         |                     | Date: 24-08-2020                   |
| 28               | Boiler feed water tank   | 1                     | 2.05                    | 2.05                | Mail Dt: 17-08-2020                |
|                  |                          |                       |                         |                     | Supplier: Ryali Engineers          |
|                  |                          |                       |                         |                     | Date: 17-08-2020                   |
| <b>Total (C)</b> |                          |                       |                         | <b>100.84</b>       |                                    |

#### D. Pumps

| Sr. No. | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference          |
|---------|---|-----------------------|-------------------------|---------------------|------------------------------|
| 1       | Purified water transfer pump, Brand: Naga Pumps, Model: NCP-65-50-160 | 2                     | 0.73                    | 1.46                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |

| Sr. No. | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference          |
|---------|---|-----------------------|-------------------------|---------------------|------------------------------|
| 2       | IDMC pump, Brand: Naga Pumps, Model: NCP50-40-250                                 | 2                     | 1.29                    | 2.58                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 3       | Slurry transfer pump, Brand: Naga Pumps, Model: NCPE-90E                          | 2                     | 1.92                    | 3.84                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 4       | Water circulation at seal of vacuum pump, Brand: Naga Pumps, Model: NCP 32-25-130 | 1                     | 0.24                    | 0.24                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 5       | Filtrate discharge pump, Brand: Naga Pumps, Model: NCPP-75-50-200                 | 4                     | 0.61                    | 2.44                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 6       | Belt wash transfer pump, Brand: Naga Pumps, Model: NCPP-75-40-200                 | 2                     | 0.58                    | 1.17                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 7       | Cooling tower pump, Brand: Naga Pumps, Model: NCPJ-65-40-160                      | 2                     | 0.47                    | 0.94                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 8       | Submersible pump, Brand: Naga Pumps   | 2                     | 0.50                    | 1.00                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 9       | Gear pump for slurry transfer, Brand: Naga Pumps, Model: NSG-250-S                | 2                     | 1.21                    | 2.42                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |
| 10      | Gear pump for slurry transfer, Brand: Naga Pumps, Model: NSG-250-S                | 1                     | 1.21                    | 1.21                | NPPL/Q-0242/AUG/20           |
|         |   |                       |                         |                     | Supplier: Naga Pumps Pvt Ltd |
|         |   |                       |                         |                     | Date: 25-08-2020             |

| Sr. No.          | Particulars  | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|------------------|--|-----------------------|-------------------------|---------------------|--|
| 11               | Gear pump for slurry transfer, Brand: Naga Pumps, Model: NSG-250-S             | 1                     | 1.21                    | 1.21                | NPPL/Q-0242/AUG/20<br>Supplier: Naga Pumps Pvt Ltd<br>Date: 25-08-2020 |
| 12               | Screw pump, Brand: Naga Pumps  | 1                     | 1.21                    | 1.21                | NPPL/Q-0242/AUG/20<br>Supplier: Naga Pumps Pvt Ltd<br>Date: 25-08-2020 |
| 13               | Centrifugal pump for scrubbing, Brand: Naga Pumps, Model: NCP-40-32-200        | 2                     | 0.77                    | 1.53                | NPPL/Q-0242/AUG/20<br>Supplier: Naga Pumps Pvt Ltd<br>Date: 25-08-2020 |
| 14               | Centrifugal pump for scrubbing system, Brand: Naga Pumps, Model: NCP-32-25-130 | 1                     | 0.46                    | 0.46                | NPPL/Q-0242/AUG/20<br>Supplier: Naga Pumps Pvt Ltd<br>Date: 25-08-2020 |
| 15               | Boiler feed tank, Brand: Naga Pumps, Model: NCP-50-40-125                      | 1                     | 0.33                    | 0.33                | NPPL/Q-0242/AUG/20<br>Supplier: Naga Pumps Pvt Ltd<br>Date: 25-08-2020 |
| 16               | Vacuum Pump, Brand: PPI Systems, Model: VW – 650 [ TYPE – CL ]                 | 1                     | 5.99                    | 5.99                | PPI/TSK/00519/20-21<br>Supplier: PPI Systems<br>Date: 28-08-2020       |
| <b>Total (D)</b> |  |                       |                         | <b>28.03</b>        |  |

#### E. Equipment – Utility

| Sr. No. | Particulars  | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference   |
|---------|--|--------------|-------------------------|---------------------|---|
| 1       | Furnace oil TPH Boiler, Brand: Triveni<br>Used for: Boiler                     | 1            | 72.25                   | 72.25               | TBPL/SIL/006<br>Supplier: Triveni Boilers Pvt Ltd<br>Date: 21-08-2020 |
| 2       | Coal fired hot air generator, Brand: Fire Tech<br>Used for: Hot air generation | 1            | 127.25                  | 127.25              | FTE/QTN/0102/20<br>Supplier: Fire Tech Engineers<br>Date: 03-08-2020  |

| Sr. No.          | Particulars   | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference      |
|------------------|---|--------------|-------------------------|---------------------|--------------------------|
| 3                | Air compressor and air receiver,<br>Brand: Elgi, Model: EG-18<br>Used for: Boiler | 1            | 14.25                   | 14.25               | VJ/Aug/0143              |
|                  |   |              |                         |                     | Supplier: Unitrade India |
|                  |   |              |                         |                     | Date: 21-08-2020         |
| <b>Total (E)</b> |   |              |                         | <b>213.75</b>       |                          |

#### F. Utility - Piping Fabrication

Piping and allied fabrication works is based on a quote no. 698 dated August 24, 2020, received from Sun (Inox) Steels Private Limited for a lumpsum amount of ₹ 31.46 lacs. The work will cover the following piping works:

| Sr. No. | Particulars  |
|---------|--|
| 1.      | Slurry transfer pipe                               |
| 2.      | Cooling tower inlet and outlet pipe                |
| 3.      | HCL Line piping                                    |
| 4.      | Acid drain line                                    |
| 5.      | First wash water drain line                        |
| 6.      | Second wash drain line                             |
| 7.      | Vacuum line piping                                 |
| 8.      | Interconnecting line between belt filter and tanks |
| 9.      | Wet cake feeding line                              |
| 10.     | Blunger to slurry holding tank                     |
| 11.     | Slurry transfer pipe                               |
| 12.     | Slurry preparation tank pipe                       |
| 13.     | Slurry feed tank pipe                              |
| 14.     | Purified water piping                              |
| 15.     | Potable water piping                               |
| 16.     | QC Drain line                                      |
| 17.     | Production floor drain line                        |
| 18.     | Canteen drain line                                 |
| 19.     | Washroom drain lines                               |
| 20.     | Utility drain lines                                |
| 21.     | Fire hydrant lines                                 |
| 22.     | ETP Treated water line                             |
| 23.     | Storm water drain pipe                             |
| 24.     | Compressed air - Product contact line              |
| 25.     | Compressed air - non contact line                  |
| 26.     | Steam piping                                       |
| 27.     | Condensate line                                    |
| 28.     | Hot air duct                                       |
| 29.     | Vacuum circuit duct                                |
| 30.     | Glass Line Reactor Circuit piping                  |

#### G. Heating Ventilation and Air Conditioning

| Sr. No. | Particulars                 | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference |
|---------|-----------------------------|-----------------------|-------------------------|---------------------|---------------------|
| 1       | Air Handling Unit (AHU) - 1 | 1                     | 1.96                    | 1.96                | VAT/H/230           |

| Sr. No. | Particulars  | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|---------|--|-----------------------|-------------------------|---------------------|--|
|         | (Recirculation type) : 1100 cfm @ 120mm WC SP, Cooling capacity: 2.3TR, motor<br>Used for: Air Handling Unit         |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020              |
| 2       | AHU - 2 (Recirculation type) : 3100 cfm @ 120mm WC SP, Cooling capacity: 4.8TR, motor<br>Used for: Air Handling Unit | 1                     | 3.46                    | 3.46                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 3       | AHU - 3-a (100% Fresh air unit) : 3200 cfm @ 120mm WC SP, Cooling capacity: 30 TR<br>Used for: Air Handling Unit     | 1                     | 3.46                    | 3.46                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 4       | AHU - 4-a (100% Fresh air unit) : 2500 cfm @ 120mm WC SP, Cooling capacity: 23.5 TR<br>Used for: Air Handling Unit   | 1                     | 2.9                     | 2.9                 | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 5       | AHU - 3-b (Exhaust air unit) : 3200 cfm @ 50mm WC SP, motor capacity : 2.2 KW<br>Used for: Air Handling Unit         | 1                     | 1.48                    | 1.48                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 6       | AHU - 4-b (Exhaust air unit) : 2500 cfm @ 50mm WC SP, motor capacity : 2.2 KW<br>Used for: Air Handling Unit         | 1                     | 1.19                    | 1.19                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 7       | Condensing units 5.5 TR Capacity<br>Used for: Condensing Unit  | 1                     | 1.37                    | 1.37                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 8       | Condensing units 8.5 TR Capacity<br>Used for: Condensing Unit  | 1                     | 2.22                    | 2.22                | VAT/H/230<br>Supplier: Vertex Air Technologies Pvt Ltd<br>Date: 16-08-2020 |
| 9       | Condensing units 11 TR Capacity<br>Used for: Condensing Unit   | 1                     | 2.8                     | 2.8                 | VAT/H/230<br>Supplier: Vertex Air  |

| Sr. No.          | Particulars                    | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                       |
|------------------|--------------------------------|-----------------------|-------------------------|---------------------|---|
|                  |                                |                       |                         |                     | Technologies Pvt Ltd                      |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 10               | Copper Piping With Accessories | 1                     | 5                       | 5                   | VAT/H/230                                 |
|                  | Used for: Piping               |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 11               | Electric heater 6.15 KW        | 3                     | 0.74                    | 2.22                | VAT/H/230                                 |
|                  | Used for: Heating              |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 12               | Electric heater 13.1 KW        | 1                     | 0.84                    | 0.84                | VAT/H/230                                 |
|                  | Used for: Heating              |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 13               | Electric heater 11.3 KW        | 1                     | 0.81                    | 0.81                | VAT/H/230                                 |
|                  | Used for: Heating              |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 14               | Ducting                        | 1                     | 8.25                    | 8.25                | VAT/H/230                                 |
|                  | Used for: Ducts                |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 15               | Supply air terminals           | 1                     | 5.63                    | 5.63                | VAT/H/230                                 |
|                  | Used for: Air supply           |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 16               | Return air terminals           | 1                     | 6.4                     | 6.4                 | VAT/H/230                                 |
|                  | Used for: Air supply           |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| 17               | Installation of HVAC System    | 1                     | 10                      | 10                  | VAT/H/230                                 |
|                  |                                |                       |                         |                     | Supplier: Vertex Air Technologies Pvt Ltd |
|                  |                                |                       |                         |                     | Date: 16-08-2020                          |
| <b>Total (D)</b> |                                |                       |                         | <b>60.00</b>        |   |

#### H. Safety Hydrants & Other Safety Equipment

| Sr. No. | Particulars | Total Cost (₹ lacs) | Quotation reference |
|---------|-------------|---------------------|---------------------|
|---------|-------------|---------------------|---------------------|

| Sr. No.          | Particulars   | Total Cost (₹ lacs) | Quotation reference            |
|------------------|---|---------------------|--------------------------------|
| 1                | Pump House<br>Various Pumps with components                             | 9.74                | MTS:FHS:Sigachi/243/20-21      |
|                  |   |                     | Supplier: MTS Technologies Ltd |
|                  |   |                     | Date: 13-08-2020               |
| 2                | Hydrant<br>Various Fire Hydrants, Hose etc with the required components | 6.33                | MTS:FHS:Sigachi/243/20-21      |
|                  |   |                     | Supplier: MTS Technologies Ltd |
|                  |   |                     | Date: 13-08-2020               |
| 3                | Sprinkler System<br>Complete assembly with the components               | 1.53                | MTS:FHS:Sigachi/243/20-21      |
|                  |   |                     | Supplier: MTS Technologies Ltd |
|                  |   |                     | Date: 13-08-2020               |
| 4                | Fire Extinguishers<br>Various extinguishers with markings               | 3.15                | MTS:FHS:Sigachi/243/20-21      |
|                  |   |                     | Supplier: MTS Technologies Ltd |
|                  |   |                     | Date: 13-08-2020               |
| 5                | Erection and Commissioning  | 3.2                 | MTS:FHS:Sigachi/243/20-21      |
|                  |   |                     | Supplier: MTS Technologies Ltd |
|                  |   |                     | Date: 13-08-2020               |
| <b>Total (G)</b> |   | <b>23.95</b>        |                                |

#### I. QA/QC instruments

| Sr. No. | Particulars  | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|--|-----------------------|-------------------------|---------------------|--------------------------------------|
| 1       | Analytical Balance, Brand: Shimadzu, Model: ATX 224  | 1                     | 1                       | 1                   | NTS/QUOT/TP/1006                     |
|         | Used for: Quality Control                            |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |  |                       |                         |                     | Date: 05-09-2020                     |
| 2       | LAF Class 100, Brand: Hi-Tech, Model: LF 1122        | 1                     | 1.2                     | 1.2                 | UME2021054                           |
|         | Used for: Quality Control                            |                       |                         |                     | Supplier: Umed Laboratories          |
|         |  |                       |                         |                     | Date: 25-08-2020                     |
| 3       | Bacteriological Incubator, Brand: BLS, Model: SIC 16 | 2                     | 0.2                     | 0.4                 | UME2021054                           |
|         | Used for: Quality Control                            |                       |                         |                     | Supplier: Umed Laboratories          |
|         |  |                       |                         |                     | Date: 25-08-2020                     |

| Sr. No. | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                                      |
|---------|---|-----------------------|-------------------------|---------------------|--|
| 4       | Incubator for pathogen tray                             | 1                     | 0.2                     | 0.2                 | UME2021054   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 5       | Autoclave 20 L, Brand: BLS                              | 1                     | 0.35                    | 0.35                | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 6       | Autoclave 10 L, Brand: BLS, Model: SIC 38               | 1                     | 0.25                    | 0.25                | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 7       | Colony counter, Brand: DBK, Model: 10DCC01              | 1                     | 0.1                     | 0.1                 | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 8       | Hot air oven  | 1                     | 0.87                    | 0.87                | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 9       | Digital Microscope, Brand: Radical, Model: RXL 4B       | 1                     | 0.18                    | 0.18                | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 10      | Bio safety cabinet, Brand: Jain Lab Testing Equipment   | 1                     | 1.24                    | 1.24                | ACTPL/SIL/QUO/147/20-21(R-1)                             |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Ahlada Clean Room<br>Date: 23-08-2020          |
| 11      | Cold storage cabinet                                    | 1                     | 0.96                    | 0.96                | UME2021054   |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 12      | Eye shower, Brand: Jain Lab Testing Equipment           | 2                     | 0.28                    | 0.56                | ACTPL/SIL/QUO/147/20-21(R-1)                             |
|         | Used for: Quality Control                               |                       |                         |                     | Supplier: Ahlada Clean Room<br>Date: 23-08-2020          |
| 13      | Cold storage cabinet, Brand: Electrolux, Model: EDE 253 | 1                     | 0.5                     | 0.5                 | UME2021054   |



| Sr. No. | Particulars                                       | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|-----------------------|-------------------------|---------------------|--------------------------------------|
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 25-08-2020                     |
| 14      | Furniture (Tables)                                | 6                     | 0.56                    | 3.36                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |                       |                         |                     | Supplier: Ahlada Clean Room          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 23-08-2020                     |
| 15      | 3-Way pass box                                    | 1                     | 0.65                    | 0.65                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |                       |                         |                     | Supplier: Ahlada Clean Room          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 23-08-2020                     |
| 16      | 2-Way pass box                                    | 1                     | 0.55                    | 0.55                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |                       |                         |                     | Supplier: Ahlada Clean Room          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 23-08-2020                     |
| 17      | Glassware   | 2                     | 1                       | 2                   | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 25-08-2020                     |
| 18      | Media   | 1                     | 1                       | 1                   | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 25-08-2020                     |
| 19      | Furniture (Chairs)                                | 24                    | 0.04                    | 1.06                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |                       |                         |                     | Supplier: Ahlada Clean Room          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 23-08-2020                     |
| 20      | U-Tube viscometer                                 | 2                     | 0.20                    | 0.40                | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 25-08-2020                     |
| 21      | Muffle Furnace digital, Brand: BLS                | 1                     | 0.55                    | 0.55                | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                         |                       |                         |                     | Date: 05-09-2020                     |
| 22      | Hot air oven digital, Brand: Biocare Technologies | 1                     | 0.87                    | 0.87                | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |

| Sr. No. | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|-----------------------|-------------------------|---------------------|--------------------------------------|
|         | Used for: Quality Control                             |                       |                         |                     | Date: 25-08-2020                     |
| 23      | Heating mantle digital, Brand: BLS, Model: SIC 17     | 2                     | 0.05                    | 0.1                 | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 25-08-2020                     |
| 24      | Digital Water Bath, Brand: BLS                        | 1                     | 0.25                    | 0.25                | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |
| 25      | pH Digital meter, Brand: Hanna                        | 2                     | 0.1                     | 0.2                 | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |
| 26      | Conductivity digital meter, Brand: Hanna              | 2                     | 0.45                    | 0.9                 | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |
| 27      | Sieve Shaker Machine, Brand: Electrolab, Model: EMS 8 | 1                     | 2.25                    | 2.25                | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |
| 28      | Sieve Mesh, Brand: Electrolab                         | 1                     | 0.5                     | 0.5                 | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |
| 29      | Volumeter, Brand: Electrolab, Model: EV-02            | 1                     | 1.5                     | 1.5                 | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 25-08-2020                     |
| 30      | Mechanical Agitator, Brand: Remi                      | 1                     | 0.15                    | 0.15                | UME2021054                           |
|         |   |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 25-08-2020                     |
| 31      | Hot Plate, Brand: BLS, Model: SIC 12                  | 2                     | 0.06                    | 0.11                | NTS/QUOT/TP/1006                     |
|         |   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                             |                       |                         |                     | Date: 05-09-2020                     |

| Sr. No. | Particulars   | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                                      |
|---------|---|-----------------------|-------------------------|---------------------|--|
| 32      | Particle Size Analyser along with accessories, Brand: Agilent, Model: G8043AA | 1                     | 36.50                   | 36.50               | IN-J9HE40-1114-12  |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Agilent Technologies<br>Date: 24-08-2020       |
| 33      | Distilled Water Apparatus, Brand: BLS, Model: SIC 10                          | 1                     | 0.15                    | 0.15                | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 34      | Vacuum filtration lab, Brand: CA-AVI, Model: TID75-S                          | 1                     | 0.1                     | 0.1                 | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 35      | Stability Chamber 325L, Brand: Thermolab, Model: TS0000325S                   | 3                     | 2                       | 6                   | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 36      | Centrifuge, Brand: Remi   | 1                     | 0.3                     | 0.3                 | NTS/QUOT/TP/1006   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Navsarjan Turnkey Projects<br>Date: 05-09-2020 |
| 37      | Lab Grinder, Brand: Preeti  | 1                     | 0.06                    | 0.06                | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 38      | Fume Hood, Brand: Jain Lab Testing Equipment                                  | 1                     | 1.56                    | 1.56                | ACTPL/SIL/QUO/147/20-21(R-1)                             |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Ahlada Clean Room<br>Date: 23-08-2020          |
| 39      | Analytical Weight   | 2                     | 0.15                    | 0.3                 | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 40      | Chemical Oxygen Demand (COD) Digester   | 1                     | 0.4                     | 0.4                 | UME2021054   |
|         | Used for: Quality Control   |                       |                         |                     | Supplier: Umed Laboratories<br>Date: 25-08-2020          |
| 41      | High Performance Liquid   | 1                     | 45                      | 45                  | Hyd/MB/300419  |

| Sr. No. | Particulars  | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|--|-----------------------|-------------------------|---------------------|--------------------------------------|
|         | Chromatography (HPLC)  |                       |                         |                     | Supplier: Thermofisher Scientific    |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 42      | Tachometer   | 1                     | 0.04                    | 0.04                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 43      | Thermohydrometer   | 1                     | 0.05                    | 0.05                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 44      | Portable pH meter, Brand: Jain Lab Testing Equipment           | 1                     | 0.06                    | 0.05                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 45      | Portable Conductivity meter, Brand: Jain Lab Testing Equipment | 1                     | 0.06                    | 0.06                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 46      | Portable TDS meter, Brand: Jain Lab Testing Equipment          | 1                     | 0.06                    | 0.06                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 47      | Animometer   | 1                     | 0.04                    | 0.04                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 48      | Digital Vernier Caliper  | 1                     | 0.04                    | 0.04                | NTS/QUOT/TP/1006                     |
|         |  |                       |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 05-09-2020                     |
| 49      | Screw Gauge  | 1                     | 0.04                    | 0.04                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |
|         | Used for: Quality Control                                      |                       |                         |                     | Date: 25-08-2020                     |
| 50      | Filler Gauge   | 1                     | 0.05                    | 0.05                | UME2021054                           |
|         |  |                       |                         |                     | Supplier: Umed Laboratories          |

| Sr. No.          | Particulars               | Units to be purchased | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference |
|------------------|---------------------------|-----------------------|-------------------------|---------------------|---------------------|
|                  | Used for: Quality Control |                       |                         |                     | Date: 25-08-2020    |
| <b>Total (I)</b> |                           |                       |                         | <b>115.00</b>       |                     |

## J. Civil works

Our Company is undertaking the proposed expansion of MCC with an installed capacity to produce 3,600 MTPA at its existing unit and has adequate land to undertake the said expansion. The total cost for the civil works for the factory block approximately 42,000 sq.ft and the office building approximately 3,350 sq.ft is estimated at ₹ 829.06 lacs, based on the quotation dated August 25, 2020, provided by Quick Project Private Limited, Ankleshwar, Gujarat. The summary of the quote is elucidated below:

| Sr. No                              | Details  | Unit    | Qty       | Rate Per Unit (₹) | Amount (₹ lacs) |
|-------------------------------------|--|---------|-----------|-------------------|-----------------|
| <b>Building Structure including</b> |  |         |           |                   |                 |
| 1                                   | Plain Cement Concrete  | CFT     | 42,514    | 55.00             | 23.38           |
| 2                                   | RCC  | CFT     | 1,01,814  | 180.00            | 183.27          |
| 3                                   | Steel Reinforcement  | KGS     | 2,12,614  | 55.00             | 116.94          |
| 4                                   | Block Work(200 mm)   | CFT     | 93,612    | 45.00             | 42.13           |
| 5                                   | Block Work(150 mm)   | SFT     | 25,800    | 36.00             | 9.29            |
| 6                                   | Stone Work   | CFT     | 35,814    | 55.00             | 19.70           |
| 7                                   | Stone Work for Super structure   | CFT     | 14,600    | 95.00             | 13.87           |
| 8                                   | Plastering External  | SFT     | 5,12,000  | 16.00             | 81.92           |
| 9                                   | Plastering Internal  | SFT     | 95,264    | 16.00             | 15.24           |
| 10                                  | Anti-termite treatment   | SFT     | 6,200     | 5.00              | 0.31            |
| 11                                  | Aluminum Work  | SFT     | 40,200    | 154.00            | 61.91           |
| 12                                  | Steel Work   | SFT     | 21,384    | 127.00            | 27.16           |
| 13                                  | Tiles dado + Flooring  | SFT     | 2,100     | 120.00            | 2.52            |
| 14                                  | Tiles  | SFT     | 7,586     | 76.00             | 5.77            |
| 15                                  | Painting   | SFT     | 1,80,500  | 2.00              | 3.61            |
| 16                                  | <b>Miscellaneous Works:</b><br>includes granite slabs, plinth protection<br>kitchen sinks<br>RCC water storage tanks |         |           |                   | 8.24            |
| 17                                  | <b>Additional Works:</b><br>Shutters, sliding folding fixtures<br>Australian Honne, Sal Wood frames<br>Tower Hinges  |         |           |                   | 42.24           |
| <b>Others</b>                       |  |         |           |                   |                 |
| 18                                  | Sunken slabs   | SFT     | 7,200     | 45.00             | 3.06            |
| 19                                  | Underground sump tank  | Litres  | 10,00,000 | 3.00              | 30.00           |
| 20                                  | Interior Works   | Sft     | 25,000    | 450.00            | 112.5           |
| 21                                  | Sanitary Works   | Lumpsum |           |                   | 65.02           |
| <b>Total (J)</b>                    |  |         |           |                   | <b>829.06</b>   |

As on date of this Draft Red Herring Prospectus, our Company has not made any payments towards any of the above mentioned proposed expenditure.

#### K. Electrical costs

The total cost for the electrical works for the proposed expansion at the Dahej unit is estimated at ₹ 147.67 lacs, based on the quotation number BSE/07/26 dated August 26, 2020, provided by BSafe Electrical, Ankleshwar, Gujarat. The summary of the quote is reproduced below:

| Sr. No | Description   | Quantity | Units | Rate (₹)     | Amount (₹ lacs) |
|--------|---|----------|-------|--------------|-----------------|
| 1      | 1 Core X 4 Sq mm Copper Flexible Cable (180 Mtrs Coil)  | 4        | Coils | 7650.00      | 0.31            |
| 2      | 4 Core X 1.5 Sq mm Copper Armoured Cable                | 1000     | Mtr   | 79.80        | 0.80            |
| 3      | 4 Core X 2.5 Sq mm Copper Armoured Cable                | 1000     | Mtr   | 110.74       | 1.11            |
| 4      | 4 Core X 4 Sq mm Copper Armoured Cable                  | 1000     | Mtr   | 174.82       | 1.75            |
| 5      | 4 Core X 16 Sq mm Aluminum Armoured Cable               | 1000     | Mtr   | 96.24        | 0.96            |
| 6      | 3.5 Core X 25 Sq mm Aluminum Armoured Cable             | 1000     | Mtr   | 134.25       | 1.34            |
| 7      | 3.5 Core X 35 Sq mm Aluminum Armoured Cable             | 1000     | Mtr   | 154.29       | 1.54            |
| 8      | 3.5 Core X 240 Sq mm Aluminum Armoured Cable            | 1000     | Mtr   | 782.34       | 7.82            |
| 9      | 4 Core X 1.5 Sq mm Copper Flexible Cable(180 Mtrs Coil) | 5        | Coils | 7226.00      | 0.36            |
| 10     | 4 Core X 2.5 Sqmm Copper Flexible Cable(180 Mtrs Coil)  | 5        | Coils | 9446.34      | 0.47            |
| 11     | Cable Trays (Perforated & Ladder Type)                  | 1400     | Mtrs  | 1,740.00     | 24.36           |
| 12     | LED Light Fittings                                      | 170      | Nos   | 5,500.00     | 9.35            |
| 13     | Street Light Fittings                                   | 50       | Nos   | 7,000.00     | 3.50            |
| 14     | Lighting Arrestors                                      | 3        | Nos   | 30,000.00    | 0.90            |
| 15     | Earth Pits (GI & Copper)                                | 40       | Nos   | 30,000.00    | 12.00           |
| 16     | DG Set 500 KVA  | 1        | Nos   | 12,00,000.00 | 12.00           |
| 17     | 300 KVA APFC Panel                                      | 2        | Nos   | 7,00,000.00  | 14.00           |
| 18     | PCC Panel   | 1        | Nos   | 1,00,000.00  | 1.00            |
| 19     | MCC Panel   | 1        | Nos   | 8,00,000.00  | 8.00            |
| 20     | 75 KVA UPS System Along with Batteries                  | 1        | Nos   | 15,00,000.00 | 15.00           |
| 21     | Terminations (DC Glands & PVC)                          | 1        | Lot   | 2,00,000.00  | 2.00            |
| 22     | MLDB, MPDB,LDB, PDB- Legrand Make                       | 1        | Lot   | 5,00,000.00  | 5.00            |
| 23     | Switches, Sockets, FLP Sockets                          | 1        | Lot   | 3,00,000.00  | 3.00            |
| 24     | PVC Conduit, GI Conduit, PVC Casing Patti               | 1        | Lot   | 2,00,000.00  | 2.00            |
| 25     | Ceiling Fans, Wall Mounted Fans, Exhaust Fans           | 1        | Lot   | 3,00,000.00  | 3.00            |
| 26     | Push Buttons & Enclosures DB                            | 1        | Lot   | 70,000.00    | 0.70            |

| Sr. No           | Description  | Quantity | Units   | Rate<br>(₹)  | Amount<br>(₹ lacs) |
|------------------|--|----------|---------|--------------|--------------------|
| 27               | GI Trunking,<br>Junction Boxes with Covers   | 1        | Lot     | 2,00,000.00  | 2.00               |
| 28               | Lan Telephone, Krane Box,Cat-6 cable   | 1        | Lumpsum | 2,30,000.00  | 2.30               |
| 29               | Transformer 1500 KVA - Essenar<br>Supply & Installation & Other all<br>Accessories | 1        | Set     | 11,10,000.00 | 11.10              |
| <b>Total (K)</b> |  |          |         |              | <b>147.67</b>      |

## 2. Expansion of production facilities for microcrystalline cellulose (MCC) at Jhagadia, Gujarat

Our existing unit at Jhagadia which manufactures MCC has an existing installed capacity to manufacture 2,160 MTPA. The management expects increase in the demand from our existing and new customers for MCC and intends to enhance the production facilities by 3,600 MTPA to a total of 5,760 MTPA. The cost of setting up of the enhanced production facility includes expenditure towards site development, civil and electrical works and plant and machinery costs. We confirm that none of the Plant & Machinery and ancillary equipment are second-hand in nature.

**Land:** The capacity enhancement is being set up on the existing premises and no land is proposed to be purchased for the same.

**Location:** The proposed expansion will be carried out at the same location as our existing unit located at: lot No.763/2, Near Gujarat Gas, GIDC, Jhagadia Bharuch District, Gujarat.

**Plant Machinery, Technology and Process:** The Plant, Machinery, Technology and process will be similar to the existing unit which is described more lucidly in the chapter titled “*Our Business*” on page 159. The list of Plant and Machinery proposed to be purchased is detailed below:

### Estimated Costs

The total estimated cost of towards the above expansion is estimated at ₹ 2,478.01 lacs which is entirely being funded through the proceeds of this Issue. Such costs have been estimated by our management and are based on the quotations received from third party suppliers. The detailed breakdown of such estimated cost is set forth below.

| Sr. No  | Project cost details                        | ₹ in lacs       |
|---|---|-----------------|
| A.  | Process Equipment                           | 693.73          |
| B.  | Warehouse Equipment                         | 34.28           |
| C.  | Utility Equipment                           | 390.83          |
| D.  | Storage Tanks                               | 55.60           |
| E.  | Pumps                                       | 36.70           |
| F.  | Pipeline and allied fabrication             | 15.00           |
| G.  | Heating Ventilation Air Conditioning (HVAC) | 35.85           |
| H.  | Quality Control (QC) / Micro Instruments    | 63.15           |
| I.  | Civil works                                 | 990.74          |
| J.  | Electrical costs                            | 162.11          |
| <b>Total estimated project cost for expansion at Jhagadia</b> |   | <b>2,477.99</b> |

### A. Process Equipment

| Sr. No.                     | Particulars   | No. of units | Per Unit Price<br>(₹ lacs) | Total Cost<br>(₹ lacs) | Quotation reference              |
|-----------------------------|---|--------------|----------------------------|------------------------|----------------------------------|
| 1                           | Hydraulic Pulp Cutting Machine, Brand: Acme, Model: ASC52 | 1            | 30.60                      | 30.60                  | ACME - 59                        |
|                             |   |              |                            |                        | Supplier: ACME Sales Corporation |
| Used for: Cutting wood pulp |   |              |                            |                        | Date: 30.08.2020                 |

| Sr. No.          | Particulars   | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|------------------|---|--------------|-------------------------|---------------------|--|
| 2                | Pulp transfer/Feed hopper/SFD, Brand: Mojj                    | 1            | 237.65                  | 237.65              | QT/MMS/34003/1030/2020,MES/Q T/GB/MPD/33001R3/1888/2020, MES/QT/GB/MMS/34002/1054/2020 |
|                  |   |              |                         |                     | Supplier: Mojj Engineering   |
|                  | Used for: Wood pulp transfer                                  |              |                         |                     | Date: 22.08.2020, 06.08.2020, 20.08.2020   |
| 3                | Glass Line Reactor, Brand: Standard Glass, Model: NF          | 4            | 29.75                   | 119.00              | Standard/1S6559  |
|                  |   |              |                         |                     | Supplier: Standard Glass Lining Technology Pvt Ltd                                     |
|                  | Used for: Wood pulp transfer for old building to new building |              |                         |                     | Date: 15-08-2020   |
| 4                | Powder transfer system, Brand: Prochem, Model: NF             | 1            | 156.00                  | 156.00              | PTPL/SBR/Q-972   |
|                  |   |              |                         |                     | Supplier: Prochem Turnkey Projects Pvt Ltd   |
|                  | Used for: Powder transfer                                     |              |                         |                     | Date: 09-08-2020   |
| 5                | Belt Filter, Brand: Sabari Engg, Model: NF                    | 1            | 82.50                   | 82.50               | 114/2020   |
|                  |   |              |                         |                     | Supplier: Sabari Engineering Service   |
|                  | Used for: Filtering   |              |                         |                     | Date: 11-08-2020   |
| 6                | Mechanical Shifter_01, Brand: Galaxy Sivtech, Model: NF       | 1            | 3.50                    | 3.50                | GSPL/1492R1/2021   |
|                  |   |              |                         |                     | Supplier: Galaxy Sivtek Private Limited.   |
|                  | Used for: Mechanical Sifting                                  |              |                         |                     | Date: 24.08.2020   |
| 7                | Mechanical Shifter_01, Brand: Galaxy Sivtech, Model: NF       | 1            | 3.50                    | 3.50                | GSPL/1492R1/2021   |
|                  |   |              |                         |                     | Supplier: Galaxy Sivtek Private Limited.   |
|                  | Used for: Mechanical Sifting                                  |              |                         |                     | Date: 24.08.2020   |
| 8                | Ribbon Blender, Brand: Prochem, Model: NF                     | 1            | 36.00                   | 36.00               | PTPL/SBR/Q-972   |
|                  |   |              |                         |                     | Supplier: Prochem Turnkey Projects Pvt Ltd   |
|                  | Used for: Agitator  |              |                         |                     | Date: 09-08-2020   |
| 9                | Bag Filling Machine, Brand: Prochem, Model: RC8D              | 1            | 25.00                   | 25.00               | PTPL/SBR/Q-972   |
|                  |   |              |                         |                     | Supplier: Prochem Turnkey Projects Pvt Ltd   |
|                  | Used for: Packaging   |              |                         |                     | Date: 09-08-2020   |
| <b>Total (A)</b> |   |              |                         | <b>693.80</b>       |  |

## B. Equipment – Warehouse



| Sr. No.          | Particulars  | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|------------------|--|--------------|-------------------------|---------------------|--|
| 1                | Hand Pallet Truck  | 1            | 0.25                    | 0.25                | DVPS/SALES/GPT2500/SI L/2640—010<br>Supplier: DVPS Private Ltd<br>Used for: Movement of pallets<br>Date: 28.08.2020                  |
| 2                | Hand Pallet Truck  | 1            | 0.25                    | 0.25                | DVPS/SALES/GPT2500/SI L/2640—010<br>Supplier: DVPS Private Ltd<br>Used for: Movement of pallets<br>Date: 28.08.2020                  |
| 3                | Fork Lift, Brand: Action Construction Equipment, Model: AF 30D - FFL | 1            | 7.65                    | 7.65                | EVR/ACE/HYD/FLT/SIGA CHI/AUG/210820<br>Supplier: EVR Engineering Systems Ltd<br>Used for: Transportation<br>Date: 21-08-2020         |
| 4                | Hoisting equipment   | 1            | 2.70                    | 2.70                | SPPL/Sur/20-21/QUOT/HAB-016<br>Supplier: Southern Plantaids (P) Ltd<br>Used for: Hoisting / Lifting<br>Date: 06.08.2020              |
| 5                | MS Pallet (FG)   | 210          | 0.04                    | 7.98                | Supplier: In-house<br>Used for: Transportation of finished goods   |
| 6                | MS Pallet (WP)   | 375          | 0.04                    | 14.25               | Supplier: In-house<br>Used for: Transportation of wood pulp  |
| 7                | Bag Conveying System   | 1            | 1.20                    | 1.20                | 058/PEE/ SIPL/2020-2021 Rev3<br>Supplier: Pharequip Engineers<br>Used for: Conveying/transport of bags/materials<br>Date: 08.08.2020 |
| <b>Total (B)</b> |  |              |                         | <b>34.28</b>        |  |

### C. Equipment – Utility

| Sr. No. | Particulars                                    | No of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|---------|--|-------------|-------------------------|---------------------|--|
| 1       | Coal Fired Boiler, Brand: Triveni              | 1           | 105.00                  | 105.00              | TBPL/SIL/2020/16<br>Supplier: Triveni Boiler Pvt Ltd<br>Used for: Boiler<br>Date: 21.08.2020 |
| 2       | Coal Fired Hot Air Generator, Brand: Fire Tech | 1           | 144.25                  | 144.25              | FTE/QTN/0122/20  |

| Sr. No.          | Particulars                                    | No of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference               |
|------------------|--|-------------|-------------------------|---------------------|-----------------------------------|
|                  |  |             |                         |                     | Supplier: Fire Tech Engineers     |
|                  | Used for: Generating hot air                   |             |                         |                     | Date: 13.08.2020                  |
| 3                | Air Compressor, Brand: Shah Enterprises        | 1           | 10.56                   | 10.56               | SE-CP/2020-21/SIPL/116            |
|                  |  |             |                         |                     | Supplier: Shah Enterprise         |
|                  | Used for: High pressure air                    |             |                         |                     | Date: 20.08.2020                  |
| 4                | Air Receiver Vertical, Brand: Shah Enterprises | 1           | 1.31                    | 1.31                | SE-CP/2020-21/SIPL/116            |
|                  |  |             |                         |                     | Supplier: Shah Enterprise         |
|                  | Used for: Air circulation                      |             |                         |                     | Date: 20.08.2020                  |
| 5                | GIDC RO with 2 stages                          | 1           | 29.50                   | 29.50               | 004/POT/SF/07-20                  |
|                  |  |             |                         |                     | Supplier: Pure Oxidane Technology |
|                  | Used for: water purification                   |             |                         |                     | Date: 07.08.2020                  |
| 6                | DM Water Plant                                 | 1           | 7.00                    | 7.00                | 004/POT/SF/07-20                  |
|                  |  |             |                         |                     | Supplier: Pure Oxidane Technology |
|                  | Used for: water treatment                      |             |                         |                     | Date: 07.08.2020                  |
| 7                | Water Softener Plant                           | 1           | 3.05                    | 3.05                | 004/POT/SF/07-20                  |
|                  |  |             |                         |                     | Supplier: Pure Oxidane Technology |
|                  | Used for: Water softening                      |             |                         |                     | Date: 07.08.2020                  |
| 8                | Multiple Evaporator                            | 1           | 39.00                   | 39.00               | 078/PEE/ SIPL/2020-2021           |
|                  |  |             |                         |                     | Supplier: Pharequip Engineers     |
|                  | Used for: evaporation process                  |             |                         |                     | Date: 15.07.2020                  |
| 9                | ETP  | 1           | 48.95                   | 48.95               | APWM/AU05/2020                    |
|                  |  |             |                         |                     | Supplier: Asia Pacific            |
|                  | Used for: effluent management                  |             |                         |                     | Date: 22.08.2020                  |
| 10               | Cooling Tower                                  | 1           | 2.21                    | 2.21                | VRR310/1/5/20                     |
|                  |  |             |                         |                     | Supplier: VRR Cooling Towers      |
|                  | Used for: Cooling                              |             |                         |                     | Date: 27.08.2020                  |
| <b>Total (C)</b> |  |             |                         | <b>390.83</b>       |                                   |

#### D. Storage Tanks

| Sr. No. | Particulars    | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference |
|---------|----------------|--------------|-------------------------|---------------------|---------------------|
| 1       | Raw Water Tank | 1            | 0.40                    | 0.40                | SVDC/2021/012       |

| Sr. No. | Particulars  | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|---------|--|--------------|-------------------------|---------------------|--|
|         |  |              |                         |                     | Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020                   |
| 2       | GIDC RO Permeate   | 1            | 2.75                    | 2.75                | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 3       | GIDC RO Non-permeate, Brand: Sintex                                | 1            | 1.20                    | 1.20                | AEC/196/20-21<br>Supplier: ACME Engineering Company<br>Date: 28.08.2020  |
| 4       | GIDC RO Non-permeate, Brand: Sintex                                | 2            | 0.40                    | 0.80                | AEC/196/20-21<br>Supplier: ACME Engineering Company<br>Date: 28.08.2020  |
| 5       | ETP RO Permeate  | 1            | 2.50                    | 2.50                | 156/20-21<br>Supplier: Ryali Engineers<br>Date: 07.08.2020               |
| 6       | Water softener storage tank  | 1            | 2.75                    | 2.75                | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 7       | DM water regeneration + Softener waste storage tank, Brand: Sintex | 1            | 0.85                    | 0.85                | SVDC/2021/012<br>Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020  |
| 8       | Purified Water Storage Tank  | 1            | 2.75                    | 2.75                | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 9       | In-process purified water tank                                     | 1            | 12.80                   | 12.80               | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 10      | HCl Day Tank   | 1            | 0.50                    | 0.50                | SVDC/2021/012<br>Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020  |
| 11      | Feed Slurry hold tank  | 2            | 7.50                    | 15.00               | S2E/SIL/0196/20-21   |

| Sr. No.          | Particulars                | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference  |
|------------------|----------------------------|--------------|-------------------------|---------------------|--|
|                  |                            |              |                         |                     | Supplier: S2 Engineering Company<br>Date: 04.08.20                       |
| 12               | Caustic Tank for DM Plant  | 1            | 0.35                    | 0.35                | 156/20-21<br>Supplier: Ryali Engineers<br>Date: 07.08.2020               |
| 13               | Acid Tank for DM Plant     | 1            | 0.35                    | 0.35                | 156/20-21<br>Supplier: Ryali Engineers<br>Date: 07.08.2020               |
| 14               | Process Air Receiver       | 1            | 1.05                    | 1.05                | 156/20-21<br>Supplier: Ryali Engineers<br>Date: 07.08.2020               |
| 15               | Filtrate receiver - ANF    | 1            | 2.75                    | 2.75                | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 16               | Filtrate receiver - RVDF   | 1            | 5.10                    | 5.10                | S2E/SIL/0196/20-21<br>Supplier: S2 Engineering Company<br>Date: 04.08.20 |
| 17               | Moisture Trap - ANF & RVDF | 2            | 0.50                    | 1.00                | SVDC/2021/012<br>Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020  |
| 18               | Caustic Trap - ANF & RVDF  | 2            | 0.50                    | 1.00                | SVDC/2021/012<br>Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020  |
| 19               | Liquid Seal Pot            | 2            | 0.85                    | 1.70                | SVDC/2021/012<br>Supplier: SVDC Reinforced Plastics<br>Date: 08.08.2020  |
| <b>Total (D)</b> |                            |              |                         | <b>55.60</b>        |  |

#### E. Pumps

| Sr. No. | Particulars                  | No of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference |
|---------|------------------------------|-------------|-------------------------|---------------------|---------------------|
| 1       | Submersible Pump (Raw Water) | 2           | 0.30                    | 0.60                | NPPL/Q-0142/Aug/20  |

| Sr. No. | Particulars   | No of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|-------------|-------------------------|---------------------|--------------------------------------|
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 2       | Purified water transfer pump (PW plant to In process tank) with mechanical seal | 2           | 0.82                    | 1.64                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 3       | IDMC Pump for Purified Water Circulation with mechanical seal                   | 2           | 0.89                    | 1.78                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 4       | HCl Transfer Pump, Brand: Naga  | 1           | 1.25                    | 1.25                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 5       | Slurry Transfer Pump (GLR to ANF)   | 4           | 1.75                    | 7.00                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 6       | Slurry Transfer Pump (ANF to Holding tank)                                      | 2           | 1.75                    | 3.50                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 7       | Cooling Tower Pump  | 2           | 0.47                    | 0.94                | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 8       | Vacuum Pump (Water ring) - ANF, Brand: PPI Systems                              | 2           | 3                       | 6                   | NPPL/Q-0142/Aug/20                   |
|         |   |             |                         |                     | Supplier: Naga Pumps Pvt Ltd         |
|         |   |             |                         |                     | Date: 05.08.2020                     |
| 9       | Vacuum Pump (Water ring) - RVDF, Brand: PPI Systems                             | 1           | 5.50                    | 5.50                | PPI/TSK/00150/20-21                  |
|         |   |             |                         |                     | Supplier: PPI Systems                |
|         |   |             |                         |                     | Date: 28.08.2020                     |
| 10      | Liquid Ring Vacuum Pump, Brand: All Flow Pumps & Engineers                      | 1           | 5.50                    | 5.50                | 16963-2020-APE-SS                    |
|         |   |             |                         |                     | Supplier: All Flow Pumps & Engineers |
|         |   |             |                         |                     | Date: 03.09.2020                     |
| 11      | Filtrate discharge Pump - RVDF  | 2           | 1.50                    | 3.00                | NPPL/Q-0142/Aug/20                   |

| Sr. No.          | Particulars | No of Units | Per Unit Price<br>(₹ lacs) | Total Cost<br>(₹ lacs) | Quotation reference          |
|------------------|-------------|-------------|----------------------------|------------------------|------------------------------|
|                  |             |             |                            |                        | Supplier: Naga Pumps Pvt Ltd |
|                  |             |             |                            |                        | Date: 05.08.2020             |
| <b>Total (E)</b> |             |             |                            | <b>36.71</b>           |                              |

#### F. Piping and allied Fabrication

Piping and allied fabrication works is based on a quote no. 719 dated August 26, 2020, received from Sun (Inox) Steels Private Limited for a lumpsum amount of ₹ 15 lacs. The work will cover the following piping works:

| Sr. No. | Particulars                               |
|---------|---|
| 1.      | Piping_Purified                           |
| 2.      | Piping _ Portable                         |
| 3.      | Piping_Wash Water-Acidic                  |
| 4.      | Piping_Wash Water-First Wash              |
| 5.      | Piping_Wash Water-Second Wash             |
| 6.      | Piping_Wash Water-To ETP                  |
| 7.      | Piping _ QC Drain Line                    |
| 8.      | Piping _ Production Floor Drain Line      |
| 9.      | Piping _ Canteen Drain Line               |
| 10.     | Piping _ Utility drain Lines              |
| 11.     | Piping _ Fire Hydrant Line                |
| 12.     | Piping _ ETP Treated Water Line           |
| 13.     | Piping _ Storm Water Drain                |
| 14.     | Piping _ Compressed Air - Product Contact |
| 15.     | Piping _ Compressed Air - Non Contact     |
| 16.     | Piping_Steam (various)                    |
| 17.     | Piping _ Condensate Line                  |
| 18.     | Piping/Ducting _ Hot Air                  |
| 19.     | Piping_Vacuum Circuit                     |
| 20.     | Piping_Vent                               |

#### G. Heating Ventilation & Air Conditioning

| Sr. No. | Particulars   | No. of Units | Per Unit Price<br>(₹ lacs) | Total Cost<br>(₹ lacs) | Quotation reference      |
|---------|---|--------------|----------------------------|------------------------|--------------------------|
| 1       | Air Handling Unit (AHU) - 01_Filling and packing Area (Class D) | 1            | 2.08                       | 2.08                   | VR20211007               |
|         |   |              |                            |                        | Supplier: AEMS Engineers |
|         |   |              |                            |                        | Date: 13.08.2020         |
| 2       | AHU - 02_ Micro_class B   | 1            | 2.11                       | 2.11                   | VR20211007               |
|         |   |              |                            |                        | Supplier: AEMS Engineers |
|         |   |              |                            |                        | Date: 13.08.2020         |
| 3       | AHU - 02_ Micro_class C   | 1            | 3.15                       | 3.15                   | VR20211007               |
|         |   |              |                            |                        | Supplier: AEMS Engineers |

| Sr. No. | Particulars  | No. of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference      |
|---------|--|--------------|-------------------------|---------------------|--------------------------|
|         |  |              |                         |                     | Date: 13.08.2020         |
| 4       | High Wall Split for office Areas                         | 20           | 0.48                    | 9.50                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 5       | Fresh air Unit / Exhaust Unit/ Axial Fans                | 6            | 0.33                    | 1.95                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 6       | Air Ducting  | 1            | 4.36                    | 4.36                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 7       | Duct Insulation  | 1            | 2.19                    | 2.19                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 8       | Terminal mounted HEPA box in 18 G                        | 9            | 0.09                    | 0.79                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 9       | Plenum Mini pleat Hepa filters                           | 9            | 0.66                    | 5.94                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 10      | Supply air Diffuser / Grills with volume control dampers | 9            | 0.07                    | 0.59                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 11      | Return air Diffuser / Grills with volume control dampers | 9            | 0.05                    | 0.41                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 12      | Sensors / Transducer / Controller                        | 3            | 0.06                    | 0.18                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |
| 13      | Magnehelic gauge   | 9            | 0.05                    | 0.45                | VR20211007               |
|         |  |              |                         |                     | Supplier: AEMS Engineers |
|         |  |              |                         |                     | Date: 13.08.2020         |

| Sr. No.          | Particulars                              | No. of Units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference      |
|------------------|--|--------------|-------------------------|---------------------|--------------------------|
| 14               | RH / Temp / Time display & Transmitter   | 3            | 0.06                    | 0.17                | VR20211007               |
|                  |  |              |                         |                     | Supplier: AEMS Engineers |
|                  |  |              |                         |                     | Date: 13.08.2020         |
| 15               | Filter Cleaning Booth with Drying System | 1            | 0.20                    | 0.20                | VR20211007               |
|                  |  |              |                         |                     | Supplier: AEMS Engineers |
|                  |  |              |                         |                     | Date: 13.08.2020         |
| 16               | Direct Expansion (DX) Units              | 3            | 0.60                    | 1.80                | VR20211007               |
|                  |  |              |                         |                     | Supplier: AEMS Engineers |
|                  |  |              |                         |                     | Date: 13.08.2020         |
| <b>Total (G)</b> |  |              |                         | <b>35.85</b>        |                          |

#### H. Quality Assurance / Quality Control / Laboratory instruments

| Sr. No. | Particulars  | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|--|--------------|-------------------------|---------------------|--------------------------------------|
| 1       | Analytical Balance, Brand: Shimadzu, Model: ATX 224  | 1            | 0.99                    | 0.99                | NTS/QUOT/TP/1006                     |
|         |  |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |  |              |                         |                     | Date: 05.09.2020                     |
| 2       | LAF Class 100, Brand: Hi-Tech, Model: LF 1122        | 1            | 1.20                    | 1.20                | UME2021054                           |
|         |  |              |                         |                     | Supplier: Umed Laboratories          |
|         |  |              |                         |                     | Date: 25.08.2020                     |
| 3       | Bacteriological Incubator, Brand: BLS, Model: SIC 16 | 2            | 0.20                    | 0.40                | UME2021054                           |
|         |  |              |                         |                     | Supplier: Umed Laboratories          |
|         |  |              |                         |                     | Date: 25.08.2020                     |
| 4       | Incubator for pathogen tray                          | 1            | 0.20                    | 0.20                | UME2021054                           |
|         |  |              |                         |                     | Supplier: Umed Laboratories          |
|         |  |              |                         |                     | Date: 25.08.2020                     |
| 5       | Autoclave 20 L, Brand: BLS                           | 1            | 0.35                    | 0.35                | NTS/QUOT/TP/1006                     |
|         |  |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |  |              |                         |                     | Date: 05.09.2020                     |
| 6       | Autoclave 10 L, Brand: BLS, Model: SIC 38            | 1            | 0.20                    | 0.20                | NTS/QUOT/TP/1006                     |
|         |  |              |                         |                     | Supplier: Navsarjan Turnkey Projects |



| Sr. No. | Particulars   | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|--------------|-------------------------|---------------------|--------------------------------------|
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 7       | Colony counter, Brand: DBK, Model: 10DCC01              | 1            | 0.10                    | 0.10                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 8       | Hot air oven  | 1            | 0.87                    | 0.87                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 9       | Digital Microscope, Brand: Radical, Model: RXL 4B       | 1            | 0.18                    | 0.18                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 10      | Bio safety cabinet, Brand: Jain Lab Testing Equipment   | 1            | 1.24                    | 1.24                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 11      | Cold storage cabinet                                    | 1            | 0.96                    | 0.96                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 12      | Eye shower, Brand: Jain Lab Testing Equipment           | 2            | 0.28                    | 0.56                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 13      | Cold storage cabinet, Brand: Electrolux, Model: EDE 253 | 1            | 0.50                    | 0.50                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 14      | Furniture (Tables)                                      | 6            | 0.56                    | 3.36                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 15      | 3-Way pass box  | 1            | 0.65                    | 0.65                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 16      | 2-Way pass box  | 1            | 0.55                    | 0.55                | ACTPL/SIL/QUO/147/20-21(R-1)         |

| Sr. No. | Particulars                                       | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|--------------|-------------------------|---------------------|--------------------------------------|
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 17      | Glassware   | 2            | 1.00                    | 2.00                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 18      | Media   | 1            | 1.00                    | 1.00                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 19      | Furniture (Chairs)                                | 24           | 0.04                    | 1.06                | ACTPL/SIL/QUO/147/20-21(R-1)         |
|         |   |              |                         |                     | Supplier: Ahlada Clean Room          |
|         |   |              |                         |                     | Date: 23.08.2020                     |
| 20      | U-Tube viscometer                                 | 2            | 0.02                    | 0.04                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 21      | Muffle Furnace digital, Brand: BLS                | 1            | 0.55                    | 0.55                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 22      | Hot air oven digital, Brand: Biocare Technologies | 1            | 0.87                    | 0.87                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 23      | Heating mantle digital, Brand: BLS, Model: SIC 17 | 2            | 0.05                    | 0.10                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 24      | Water Bath Digital, Brand: BLS                    | 1            | 0.25                    | 0.25                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 25      | pH Digital meter, Brand: Hanna                    | 2            | 0.10                    | 0.20                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 26      | Conductivity digital meter, Brand: Hanna          | 2            | 0.45                    | 0.90                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |

| Sr. No. | Particulars   | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|---------|---|--------------|-------------------------|---------------------|--------------------------------------|
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 27      | Sieve Shaker Machine, Brand: Electrolab, Model: EMS 8       | 1            | 2.25                    | 2.25                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 28      | Sieve Mesh, Brand: Electrolab                               | 1            | 0.50                    | 0.50                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 29      | Volumeter, Brand: Electrolab, Model: EV-02                  | 1            | 1.50                    | 1.50                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 30      | Mechanical Agitator, Brand: Remi                            | 1            | 0.15                    | 0.15                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 31      | Hot Plate, Brand: BLS, Model: SIC 12                        | 2            | 0.06                    | 0.11                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|         |   |              |                         |                     | Date: 05.09.2020                     |
| 32      | Particle Size Analyzer, Brand: Agilent, Model: G8043AA      | 1            | 30.00                   | 30.00               | IN-J9HE40-1116-12                    |
|         |   |              |                         |                     | Supplier: Agilent Technologies       |
|         |   |              |                         |                     | Date: 26.08.2020                     |
| 33      | Distilled Water Apparatus, Brand: BLS, Model: SIC 10        | 1            | 0.15                    | 0.15                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 34      | Vacuum Filtration Lab Filter, Brand: CE-AVI, Model: TID75-S | 1            | 0.10                    | 0.10                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 35      | Stability Chamber 325L, Brand: Thermolab, Model: TS0000325S | 3            | 2.00                    | 6.00                | UME2021054                           |
|         |   |              |                         |                     | Supplier: Umed Laboratories          |
|         |   |              |                         |                     | Date: 25.08.2020                     |
| 36      | Centrifuge, Brand: Remi                                     | 1            | 0.35                    | 0.35                | NTS/QUOT/TP/1006                     |
|         |   |              |                         |                     | Supplier: Navsarjan Turnkey Projects |

| Sr. No. | Particulars  | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference          |
|---------|--|--------------|-------------------------|---------------------|------------------------------|
|         |  |              |                         |                     | Date: 05.09.2020             |
| 37      | Lab Grinder, Brand: Preeti                           | 1            | 0.06                    | 0.06                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 38      | Fume Hood, Brand: Jain Lab Testing Equipment         | 1            | 1.56                    | 1.56                | ACTPL/SIL/QUO/147/20-21(R-1) |
|         |  |              |                         |                     | Supplier: Ahlada Clean Room  |
|         |  |              |                         |                     | Date: 23.08.2020             |
| 39      | Analytical Weight                                    | 2            | 0.15                    | 0.30                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 40      | Chemical Oxygen Demand (COD) Digester                | 1            | 0.40                    | 0.40                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 41      | Tachometer   | 1            | 0.04                    | 0.04                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 42      | Thermohydrometer                                     | 1            | 0.05                    | 0.05                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 43      | Portable pH meter, Brand: Jain Testing Lab           | 1            | 0.06                    | 0.06                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 44      | Portable conductivity meter, Brand: Jain Testing Lab | 1            | 0.06                    | 0.06                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 45      | Portable TDS meter, Brand: Jain Testing Lab          | 1            | 0.06                    | 0.06                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |
| 46      | Animometer   | 1            | 0.04                    | 0.04                | UME2021054                   |
|         |  |              |                         |                     | Supplier: Umed Laboratories  |
|         |  |              |                         |                     | Date: 25.08.2020             |

| Sr. No.          | Particulars             | No. of units | Per Unit Price (₹ lacs) | Total Cost (₹ lacs) | Quotation reference                  |
|------------------|-------------------------|--------------|-------------------------|---------------------|--------------------------------------|
| 47               | Digital Vernier Caliper | 1            | 0.04                    | 0.04                | NTS/QUOT/TP/1006                     |
|                  |                         |              |                         |                     | Supplier: Navsarjan Turnkey Projects |
|                  |                         |              |                         |                     | Date: 05.09.2020                     |
| 48               | Screw Gauge             | 1            | 0.04                    | 0.04                | UME2021054                           |
|                  |                         |              |                         |                     | Supplier: Umed Laboratories          |
|                  |                         |              |                         |                     | Date: 25.08.2020                     |
| 49               | Filler Gauge            | 1            | 0.05                    | 0.05                | UME2021054                           |
|                  |                         |              |                         |                     | Supplier: Umed Laboratories          |
|                  |                         |              |                         |                     | Date: 25.08.2020                     |
| <b>Total (H)</b> |                         |              |                         | <b>63.15</b>        |                                      |

## I. Civil Works

Our Company is undertaking the proposed expansion of MCC with a capacity to produce 3,600 MTPA at its existing unit and has adequate land to undertake the said expansion. The total cost for the civil works for the factory block approximately 55,000 sq.ft and the office building approximately 4,250 sq. ft. is estimated at ₹ 990.74 lacs, based on the quotation dated August 25, 2020, provided by Quick Project Private Limited, Ankleshwar, Gujarat. The summary of the quote is elucidated below:

| Sr. No                              | Details   | Unit | Qty      | Rate Per Unit (₹) | Amount (₹ lacs) |
|-------------------------------------|---|------|----------|-------------------|-----------------|
| <b>Building Structure including</b> |   |      |          |                   |                 |
| 1                                   | Plain Cement Concrete   | CFT  | 51,980   | 58.00             | 30.15           |
| 2                                   | RCC   | CFT  | 1,32,844 | 180.00            | 239.12          |
| 3                                   | Steel Reinforcement   | KGS  | 3,91,800 | 55.00             | 215.49          |
| 4                                   | Block Work(200 mm)  | CFT  | 1,00,310 | 45.00             | 45.13           |
| 5                                   | Block Work(150 mm)  | SFT  | 26,800   | 35.00             | 9.38            |
| 6                                   | Stone Work  | CFT  | 41,950   | 55.00             | 23.07           |
| 7                                   | Stone Work for Super structure  | CFT  | 15,900   | 95.00             | 15.10           |
| 8                                   | Plastering External   | SFT  | 6,08,000 | 16.00             | 97.28           |
| 9                                   | Plastering Internal   | SFT  | 1,23,600 | 16.00             | 19.77           |
| 10                                  | Anti-termite treatment  | SFT  | 79,000   | 4.00              | 3.16            |
| 11                                  | Aluminium Work  | SFT  | 51,200   | 153.00            | 78.33           |
| 12                                  | Steel Work  | SFT  | 27,630   | 126.00            | 34.81           |
| 13                                  | Tiles dado + Flooring   | SFT  | 2,300    | 120.00            | 2.76            |
| 14                                  | Tiles   | SFT  | 10,290   | 75.00             | 8.37            |
| 15                                  | Roofing Works   | SFT  | Various  |                   | 28.99           |
| 16                                  | Painting  | SFT  | 2,81,900 | 2.10              | 5.91            |
| 17                                  | <b>Miscellaneous Works:</b><br>includes granite slabs, plinth protection,<br>kitchen sinks, RCC water storage tanks |      |          |                   | 8.90            |
| 18                                  | <b>Additional Works:</b><br>Shutters, sliding, folding, fixtures,<br>Australian Honne wood, Sal Wood frames,        |      |          |                   | 90.93           |

| Sr. No | Details               | Unit    | Qty       | Rate Per Unit<br>(₹) | Amount<br>(₹ lacs) |
|--------|-----------------------|---------|-----------|----------------------|--------------------|
|        | tower hinges          |         |           |                      |                    |
|        | <b>Others</b>         |         |           |                      |                    |
| 19     | Sunken slabs          | SFT     | 7,050     | 45.00                | 3.17               |
| 20     | Underground sump tank | Litres  | 10,00,000 | 4.00                 | 40                 |
| 21     | Interior Works        | Sft     | 35,000    | 450.00               | 157                |
| 22     | Sanitary Works        | Lumpsum |           |                      | 73.04              |
|        | <b>Total (I)</b>      |         |           |                      | <b>990.74</b>      |

As on date of this Draft Red Herring Prospectus, except for as mentioned below, our Company has not made any payments towards any of the above mentioned proposed expenditures:

| Sr. No | Particular   | Amount (₹ Lacs) |
|--------|--|-----------------|
| 1      | Advance towards civil works                              | 75.27           |
|        | <b>Total amount spent on proposed Jhagadia expansion</b> | <b>75.27</b>    |

#### J. Electrical costs

The total cost for the electrical works for the proposed expansion at the Jhagadia unit is estimated at ₹ 162.11 lacs, based on the quotation number BSE/07/32 dated August 28, 2020, provided by BSafe Electrical, Ankleshwar, Gujarat. The summary of the quote is reproduced below:

| Sr. No | Description  | Quantity | Units | Rate<br>(₹)  | Amount<br>(₹ lacs) |
|--------|--|----------|-------|--------------|--------------------|
| 1      | 1 Core X 4 Sq mm Copper Flexible Cable (180 Mtrs Coil)   | 4        | Coils | 7650.00      | 0.31               |
| 2      | 4 Core X 1.5 Sq mm Copper Armoured Cable                 | 1000     | Mtr   | 79.80        | 0.80               |
| 3      | 4 Core X 2.5 Sq mm Copper Armoured Cable                 | 1800     | Mtr   | 110.74       | 1.99               |
| 4      | 4 Core X 4 Sq mm Copper Armoured Cable                   | 1500     | Mtr   | 174.82       | 2.62               |
| 5      | 4 Core X 16 Sq mm Aluminium Armoured Cable               | 1500     | Mtr   | 96.24        | 1.44               |
| 6      | 3.5 Core X 25 Sq mm Aluminium Armoured Cable             | 1500     | Mtr   | 134.25       | 2.01               |
| 7      | 3.5 Core X 35 Sq mm Aluminium Armoured Cable             | 1500     | Mtr   | 154.29       | 2.31               |
| 8      | 3.5 Core X 240 Sq mm Aluminium Armoured Cable            | 1000     | Mtr   | 782.34       | 7.82               |
| 9      | 4 Core X 1.5 Sq mm Copper Flexible Cable (180 Mtrs Coil) | 6        | Coils | 7226.00      | 0.43               |
| 10     | 4 Core X 2.5 Sq mm Copper Flexible Cable (180 Mtrs Coil) | 6        | Coils | 9446.34      | 0.57               |
| 11     | Cable Trays (Perforated & Ladder Type)                   | 1560     | Mtrs  | 1,740.00     | 27.14              |
| 12     | LED Light Fittings                                       | 300      | Nos   | 5,500.00     | 16.50              |
| 13     | Street Light Fittings                                    | 55       | Nos   | 7,000.00     | 3.85               |
| 14     | Lighting Arrestors                                       | 4        | Nos   | 30,000.00    | 1.20               |
| 15     | Earth Pits (GI & Copper)                                 | 40       | Nos   | 30,000.00    | 12.00              |
| 16     | DG Set 500 KVA   | 1        | Nos   | 12,00,000.00 | 12.00              |

| Sr. No           | Description   | Quantity | Units   | Rate (₹)     | Amount (₹ lacs) |
|------------------|---|----------|---------|--------------|-----------------|
| 17               | 300 KVA APFC Panel  | 2        | Nos     | 7,00,000.00  | 14.00           |
| 18               | PCC Panel   | 1        | Nos     | 1,00,000.00  | 1.00            |
| 19               | MCC Panel   | 1        | Nos     | 8,00,000.00  | 8.00            |
| 20               | 75 KVA UPS System Along with Batteries                                      | 1        | Nos     | 15,00,000.00 | 15.00           |
| 21               | Terminations (DC Glands & PVC)  | 1        | Lot     | 2,00,000.00  | 2.00            |
| 22               | MLDB, MPDB, LDB, PDB- Legrand Make  | 1        | Lot     | 5,00,000.00  | 5.00            |
| 23               | Switches, Sockets, FLP, Sockets   | 1        | Lot     | 3,00,000.00  | 3.00            |
| 24               | PVC Conduit, GI Conduit, PVC Casing Patti                                   | 1        | Lot     | 2,00,000.00  | 2.00            |
| 25               | Ceiling Fans, Wall Mounted Fans, Exhaust Fans                               | 1        | Lot     | 3,00,000.00  | 3.00            |
| 26               | Push Buttons & Enclosures DB  | 1        | Lot     | 70,000.00    | 0.70            |
| 27               | GI Trunking, Junction Boxes with Covers                                     | 1        | Lot     | 2,00,000.00  | 2.00            |
| 28               | Lan Telephone, Krane Box, Cat-6 cable                                       | 1        | Lumpsum | 2,30,000.00  | 2.30            |
| 29               | Transformer 1500 KVA - Essnar Supply & Installation & Other all Accessories | 1        | Set     | 11,10,000.00 | 11.10           |
| <b>Total (J)</b> |   |          |         |              | <b>162.11</b>   |

Although, we have identified the type of plant and machinery to be purchased for the proposed facility, we are yet to place order for 98.4% of the plant and machinery worth ₹ 4,659.97 lacs.

#### **Other confirmations relating to the proposed expansion at Dahej and Jhagadia:**

We do not intend to purchase any second-hand machinery or equipment. The quotations received from vendors in relation to the above-mentioned objects of the Issue are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with these vendors (except where orders have been placed) and there can be no assurance that the same vendor(s) would be engaged to eventually supply the machinery and equipment or we will get the machinery at the same costs. The quantity of machinery and equipment to be purchased is based on management estimates. Payments to such vendors shall be made in Indian Rupee and no foreign currency transaction is envisaged for the same. Majority of the P&M equipment are of Indian origin, however there may be few QA/QC/Lab instruments which the vendors import from abroad, payment of which will be made by our Company in Indian Rupee.

Further, any additional costs incurred towards applicable taxes, freight charges, installation charges, exchange rate fluctuations, including any contingencies etc. in relation to any of the Objects or any preliminary and pre-operative expense, will be met from internal accruals of our Company.

#### **Infrastructure facilities like raw material and utilities like water, etc.**

Our Company has adequate facilities and infrastructure to source and store raw materials and has existing connections for utilities like water, power etc. for the existing set up. The same facilities shall be utilized for the proposed expansion at Dahej and Jhagadia. For details of the infrastructure and utilities, please refer to “*Our Business-“Utilities”*” at page 173 of this Draft Red Herring Prospectus.

#### **Working Capital**

We are a manufacturing company and our business requires working capital. Considering the current set up and the proposed expansion for manufacturing of MCC at our Dahej and Jhagadia units, the increase in working

capital requirements will be met from bank sanctions from our existing bankers. Our Company does not intend to utilize IPO proceeds towards funding its working capital requirements. Our past working capital requirements have been summarized as under:

| (₹ lacs) |  |                 |                         |                 |                         |                 |                         |
|----------|--|-----------------|-------------------------|-----------------|-------------------------|-----------------|-------------------------|
| Sr. No   | Particulars  | FY 18 Actual    | Holding level (in Days) | FY 19 Actual    | Holding level (in Days) | FY 20 Actual    | Holding level (in Days) |
| I        | <u>Current Assets</u>  |                 |                         |                 |                         |                 |                         |
| 1        | Inventories  |                 |                         |                 |                         |                 |                         |
|          | a) Raw Material  | 426.25          | 32.71                   | 745.62          | 43.76                   | 1,066.59        | 57.50                   |
|          | b) Work in Progress  | 784.73          | 28.43                   | 1,028.38        | 29.10                   | 1,074.56        | 28.20                   |
|          | c) Finished goods  | 313.39          | 16.14                   | 413.20          | 18.75                   | 550.76          | 23.12                   |
|          | d) Packing material, Consumables and Coal, Furnace oil and fire wood | 73.00           | 23.63                   | 68.98           | 23.44                   | 100.50          | 36.30                   |
| 2        | Trade Receivables  | 2,119.34        | 76.80                   | 2,470.47        | 69.91                   | 2,760.23        | 72.45                   |
| 3        | Cash & Cash Equivalents  | 98.64           | 3.88                    | 122.09          | 4.19                    | 875.61          | 27.40                   |
| 4        | Other Current Assets   | 628.41          | 22.00                   | 1,079.28        | 23.32                   | 778.86          | 22.98                   |
|          | <b>Total (A)</b>   | <b>4,443.76</b> |                         | <b>5,928.02</b> |                         | <b>7,207.12</b> |                         |
| II       | <u>Current Liabilities</u>   |                 |                         |                 |                         |                 |                         |
| 1        | Trade Payables   | 835.89          | 51.85                   | 884.41          | 44.26                   | 723.14          | 33.92                   |
| 2        | Short Term provisions  | 174.24          | -                       | 434.18          | -                       | 12.86           | -                       |
| 3        | Other Current Liabilities  | 2,986.54        | 30.00                   | 2,892.95        | 30.00                   | 3,173.17        | 30.00                   |
|          | <b>Total (B)</b>   | <b>3,996.66</b> |                         | <b>4,211.54</b> |                         | <b>3,909.17</b> |                         |
| III      | <b>Total Working Capital Gap (A-B)</b>                               | <b>447.09</b>   |                         | <b>1,716.48</b> |                         | <b>3,297.95</b> |                         |
|          | <u>Funding pattern</u>   |                 |                         |                 |                         |                 |                         |
|          | Internal Accruals / Bank financing                                   | <b>447.09</b>   |                         | <b>1,716.48</b> |                         | <b>3,297.95</b> |                         |
|          | Proposed Bank Funding  | --              |                         | --              |                         | --              |                         |

Based on our Company's past experience and taking into consideration the expansion, we expect our working capital for FY 21 and FY 22 to be as under:

| (₹ lacs) |  |                   |                         |                  |                         |
|----------|--|-------------------|-------------------------|------------------|-------------------------|
| Sr. No   | Particulars  | FY 21 Provisional | Holding level (in Days) | FY 22 Estimated  | Holding level (in Days) |
| I        | <u>Current Assets</u>  |                   |                         |                  |                         |
| 1        | Inventories  |                   |                         |                  |                         |
|          | a) Raw Material  | 1,386.57          | 46                      | 2,079.86         | 45                      |
|          | b) Work in Progress  | 736.06            | 27                      | 860.68           | 25                      |
|          | c) Finished goods  | 375.06            | 10                      | 437.86           | 10                      |
|          | d) Packing material, Consumables and Coal, Furnace oil and fire wood | 51.00             | 39                      | 58.00            | 39                      |
| 2        | Trade Receivables  | 3,588.30          | 70                      | 5,382.45         | 70                      |
| 3        | Cash & Cash Equivalents  | 1,140.00          | 29                      | 340.00           | 29                      |
| 4        | Other Current Assets   | 1,012.52          | 20                      | 1,518.77         | 20                      |
|          | <b>Total (A)</b>   | <b>8,289.50</b>   |                         | <b>10,677.62</b> |                         |
| II       | <u>Current Liabilities</u>   |                   |                         |                  |                         |
| 1        | Trade Payables   | 795.45            | 45                      | 1,272.73         | 45                      |
| 2        | Short Term provisions  | 1,053.00          | --                      | 1,377.00         | --                      |
| 3        | Other Current Liabilities  | 3,236.67          | 30                      | 3,591.67         | 30                      |



| Sr. No     | Particulars                            | FY 21<br>Provisional        | Holding level<br>(in Days) | FY 22<br>Estimated          | Holding level<br>(in Days) |
|------------|--|-----------------------------|----------------------------|-----------------------------|----------------------------|
|            | <b>Total (B)</b>                       | 5,085.12                    |                            | <b>6,241.39</b>             |                            |
| <b>III</b> | <b>Total Working Capital Gap (A-B)</b> | <b>3,204.38</b>             |                            | <b>6,241.39</b>             |                            |
|            | <b><u>Funding pattern</u></b>          |                             |                            |                             |                            |
|            | Internal Accruals / Bank financing     | <b>3,204.38<sup>^</sup></b> |                            | <b>3,600.00<sup>^</sup></b> |                            |
|            | Proposed Bank Funding                  | --                          |                            | 836.22                      |                            |

<sup>^</sup>As on August 31, our Company has a sanctioned working capital limit of ₹ 3,600 lacs comprising of fund based working capital limit of ₹ 2,800 lacs and non-fund based limit of ₹ 800 lacs. Our company is confident that the present working capital limits will suffice as detailed above. Further, the said limits are reviewed annually and our Company is confident that the same may be renewed / extended by the banker/lender, based on the additional turnover and other criteria as decided by the banker/lender.

### Justification for “Holding period” levels

|                    |   |
|--------------------|---|
| <b>Inventories</b> | Raw Materials: The average raw material inventory holding level in FY 2018, FY 2019 and FY 2020 was 45 days which is expected to continue in FY 2021 and FY 2022. We believe that considering the proposed expansion as well, a 45 day inventory period shall be required to ensure uninterrupted production.   |
|                    | Work in progress: The average Work in Progress for the past three Financial years have been 28 days and our Company expects to continue in the same range and of 27 days for FY 21 and marginally improve to around 25 days in FY 22. Greater production planning coupled with economies of scale will help our Company to achieve this and improve further.                    |
|                    | Finished Goods: Based on our Company’s past three years of average, we have maintained finished good stock of 19-20 days, which going forward we feel can be optimised at around 10 days for FY 21 and FY 22. The same will be achieved through shorter lead times resulting in cost competitiveness and also effective working capital utilisation.                            |
| <b>Debtors</b>     | The debtors’ realisation for the past three financial years have been typically between 70-75 days, which we expect to be a sustainable level. We have long standing relations with many of our customers and a collection period of 70 days for FY 2021 and FY 2022 seems realistic and achievable, given the current macro environment in this backdrop of a global pandemic. |
| <b>Creditors</b>   | During the past three years our average credit period has been between 34 – 50 days, which we expect it to be around 45 days.   |

### Government and other Approvals

Our Company has the required government and statutory approvals required to operate the existing units. For the proposed expansion, our Company has applied for some of the material approvals and shall apply or the other approvals to the concerned authorities in due course of time. For further details, please refer to the chapter titled “Government and Statutory Approvals” at page 306 of this Draft Red Herring Prospectus.

### Proposed Schedule of Implementation

The proposed schedule of implementation for expansion of production facilities for microcrystalline cellulose (MCC) is as follows:

| Particular              | Dahej              |                | Jhagadia           |                |
|-------------------------|--------------------|----------------|--------------------|----------------|
|                         | estimated month of |                | estimated month of |                |
|                         | Commencement       | Completion     | Commencement       | Completion     |
| Civil Works             | November 2020      | October 2021   | November 2020      | October 2021   |
| Order of P&M, Equipment | April 2021         | September 2021 | April 2021         | September 2021 |
| Installation            | October 2021       | December 2021  | October 2021       | December 2021  |

|                       | Dahej                      |               | Jhagadia                   |               |
|-----------------------|----------------------------|---------------|----------------------------|---------------|
|                       | estimated month of         |               | estimated month of         |               |
| Particular            | Commencement               | Completion    | Commencement               | Completion    |
| Trial run             | January 2022               | February 2022 | January 2022               | February 2022 |
| Commercial production | March / April 2022 onwards |               | March / April 2022 onwards |               |

### Deployment of Funds

As on September 14, 2020, our Company has spent an amount of ₹ 100.27 lacs towards the above project and also towards IPO expenses as detailed below. These sums have been expended from our internal accruals and will be recouped from the Issue Proceeds. The same is certified by our statutory auditors, T Adinarayana & Co. Chartered Accountants, *vide* their certificate dated September 15, 2020

| S. No. | Heads of expenditure  | Amount (₹ Lacs) |
|--------|---|-----------------|
| 1.     | Advance towards civil works in the Jhagadia unit  | 75.27           |
| 2.     | Expenses towards IPO related work<br>(BRLM fees, Legal counsel fees, Registrar fees, NSDL, CDSL,<br>Auditor, secretarial, expert certifications etc.) | 25.00           |
|        | <b>Total</b>  | <b>100.27</b>   |

### 3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] lacs towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds of the Issue, in compliance with Regulation 7(2) of 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:

- strategic initiatives
- brand building and strengthening of marketing activities; and
- ongoing 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 total expenses of the Issue are estimated to be approximately ₹ [●] lacs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expense, advertisement expenses, legal fees and listing fees. The estimated Issue expenses are as under:

| Expenses  | Estimated expenses <sup>(1)</sup><br>(in ₹ lacs) | As a % of the total estimated Issue expenses <sup>(1)</sup> | As a % of the total Gross Issue Proceeds <sup>(1)</sup> |
|---|--|---|---|
| Book Running Lead Managers fees and commissions (including any underwriting commission, brokerage and selling commission)       | [●]  | [●]   | [●]   |
| Advertising and marketing expenses  | [●]  | [●]   | [●]   |
| Fees payable to Registrar to the Issue  | [●]  | [●]   | [●]   |
| Brokerage and selling commission payable to SCSBs, Registered Brokers, RTAs and CDPs, as applicable <sup>(2)</sup>              | [●]  | [●]   | [●]   |
| Processing fees to the SCSBs and to the Sponsor Bank for ASBA Forms procured by Registered Brokers, RTAs or CDPs <sup>(3)</sup> | [●]  | [●]   | [●]   |
| Printing and distribution of issue stationery   | [●]  | [●]   | [●]   |
| Others  |  |   |   |
| - Listing fees  |  |   |   |
| - SEBI, BSE, NSE processing fees  |  |   |   |
| - Book Building software fees   |  |   |   |

| Expenses                              | Estimated expenses <sup>(1)</sup><br>(in ₹ lacs) | As a % of the total estimated Issue expenses <sup>(1)</sup> | As a % of the total Gross Issue Proceeds <sup>(1)</sup> |
|---------------------------------------|--|---|---|
| - Other regulatory expenses           |  |   |   |
| - Fees payable to legal counsel       |  |   |   |
| - Miscellaneous                       |  |   |   |
| <b>Total estimated Issue expenses</b> | <b>[●]</b>                                       | <b>[●]</b>  | <b>[●]</b>  |

- 1) To be determined on finalization of the Issue Price and updated in the Prospectus prior to filing with the RoC.
- 2) Selling commission payable to members of the Syndicate, SCSBs, RTAs and CDPs on the amounts received against the Equity Shares Allotted (i.e. product of the Equity Shares Allotted and the Issue Price) would be as follows:

|                                       |   |
|---------------------------------------|---|
| Portion for Retail Individual Bidders | [●]% of the Amount Allotted (plus applicable taxes) |
| Portion for Non-Institutional Bidders | [●]% of the Amount Allotted (plus applicable taxes) |

Further, bidding charges of ₹ [●] (plus applicable goods and services tax) shall be per valid ASBA Form collected by the Syndicate, RTAs and CDPs (excluding applications made by Retail Individual Investors using the UPI Mechanism). The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges. No additional bidding charges shall be payable to SCSBs on the Bid cum Application Forms directly procured by them. Selling commission payable to the Registered Brokers on the portion for Retail Individual Investors and Non-Institutional Investors, which are directly procured by the Registered Brokers and submitted to SCSB for processing, shall be ₹ [●] per valid Bid cum Application Form (plus applicable goods and services tax).

- 3) Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes).

Processing fees for applications made by Retail Individual Investors using the UPI Mechanism would be as follows:

|                                 |   |
|---------------------------------|---|
| RTAs / CDPs/ Registered Brokers | ₹ [●] per valid Bid cum Application Form (plus applicable taxes)  |
| Sponsor Bank                    | ₹ [●] per valid Bid cum Application Form (plus applicable taxes)<br><br>The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, the NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other Applicable Laws. |

\*Based on valid Bid cum Application Forms

The Issue expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

### Appraisal by Appraising Agency

The fund requirements mentioned above except for setting up of a manufacturing unit are based on the internal management estimates of our Company and have not been verified by the BRLM 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. The actual costs would depend upon the negotiated prices with the suppliers/contractors and may vary from the above estimates. 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 additional debt financing.

### Bridge Financing

As on the date of this Draft Red Herring Prospectus, we have not entered into any bridge finance arrangements that will be repaid from the Net Proceeds. However, in case of delay in the IPO and consequent delay in

accessing the net proceeds of the Issue, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit / term loan facility with our lenders, to finance setting up of facilities as described in the section 'Objects of the Issue' until completion of the Issue. Any amount that is drawn down from such facility availed from any Bank/NBFC or Financial Institution during this period to finance 'Objects of the Issue' will be repaid from the Net Proceeds of the Issue.

### **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 one or more 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 utilisation 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**

There is no requirement for the appointment of a monitoring agency, as the Issue size is less than ₹ 10,000 lacs. Our Board will monitor the utilization of the proceeds of the Issue and will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate investments, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscal subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Regulation 32(5) of the Listing Regulations, our Company shall disclose to the Audit Committee the uses and applications of the Net Proceeds. Our Company shall prepare an annual statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus, certified by the statutory auditors of our Company and place it before the Audit Committee, as required under applicable laws. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. Further, in accordance with the Regulation 32(1) of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilization of the proceeds of the Issue from the Objects of the Issue as stated above; and (ii) details of category wise variations in the utilization of the proceeds from the Issue from the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

### **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 authorised 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**

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, Associates, Key Management Personnel or Group Companies except in the normal course of business and in compliance with the applicable law.

There are no existing or anticipated transactions in relation to the utilization of the Net Proceeds with the Promoters, Directors, Key Managerial Personnel or Group Companies.

## BASIS FOR ISSUE PRICE

The Price Band will be determined by our Company in consultation with the BRLM, and the Issue Price will be determined by our Company, in consultation with the BRLM, on the basis of the Book Building Process and the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is [●] times 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 refer to “*Risk Factors*”, “*Our Business*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 26, 159, 232 and 284, respectively, to have an informed view before making an investment decision.

### Qualitative Factors

Some of the qualitative factors which form the basis for computing the Issue Price are:

- Well experienced management team with proven project management and implementation skills;
- Pan India market presence and one of the leading excipient manufacturer among the market leaders of cellulose based excipients in India;
- One of the Leading manufacturers of cellulose based excipient industry in India with over 30 years’ experience and multiple applications across industries;
- Presence across diverse industry verticals with long standing relationship with our customers;
- Comprehensive product portfolio enables us to serve diverse end-use applications;
- Strategically located manufacturing facilities with a core focus on quality;
- Quality Assurance and Quality Control of our products; and
- Growth led by continuous investment and focus on R&D.

For further details, see “*Risk Factors*” and “*Our Business*” on pages 26 and 159, respectively.

### Quantitative Factors

The information presented in this section is derived from our Consolidated Restated Financial Statements. For details, see “*Financial Statements*” on page 232. Investors should evaluate our Company and form their decisions taking into consideration its earnings, and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the Issue price are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS), as adjusted for changes in capital

(in ₹)

| Year ended              | EPS          | Weight |
|-------------------------|--------------|--------|
| FY 2017-18              | 9.01         | 1      |
| FY 2018-19              | 24.75        | 2      |
| FY 2019-20              | 26.44        | 3      |
| <b>Weighted Average</b> | <b>22.97</b> |        |

#### 2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ [●] to ₹ [●] per Equity Share

| Particulars   | P/E at the lower end of the price band (no. of times) | P/E at the higher end of the price band (no. of times) |
|---|---|--|
| a) P/E ratio based on Basic and Diluted EPS of ₹ 26.44 as at March 31, 2020 | [●]   | [●]  |
| b) P/E ratio based on Weighted Average EPS of ₹ 22.97                       | [●]   | [●]  |

#### 3. Industry Price / Earning (P/E) Ratio

Not applicable. Our Company believes, there are no listed entities similar to our line of business and comparable to our scale of operations.

#### 4. Return on Net Worth (RONW):

| Year ended              | RoNW(%)      | Weight |
|-------------------------|--------------|--------|
| FY 2017-18              | 26.28        | 1      |
| FY 2018-19              | 42.36        | 2      |
| FY 2019-20              | 31.46        | 3      |
| <b>Weighted Average</b> | <b>34.23</b> |        |

## 5. Minimum return on increased Net Worth after the Issue required for maintaining pre-issue EPS

### A. Based on weighted average EPS of ₹ 22.97

|  |     |
|--|-----|
| At the lower end of the price band of ₹ [●]  | [●] |
| At the higher end of the price band of ₹ [●] | [●] |

### B. Based on basic and diluted EPS of ₹ 26.44 for FY 2019-20

|  |     |
|--|-----|
| At the lower end of the price band of ₹ [●]  | [●] |
| At the higher end of the price band of ₹ [●] | [●] |

## 6. Net Asset Value (NAV) per Equity Share

|  |       |
|--|-------|
| <input type="checkbox"/> As of March 31, 2020  | 84.07 |
| <input type="checkbox"/> NAV post issue        |       |
| ▪ At the lower end of the price band of ₹ [●]  | [●]   |
| ▪ At the lower end of the price band of ₹ [●]  | [●]   |
| <input type="checkbox"/> Issue price per share | [●]   |

## 7. Comparison of Accounting Ratios with Industry Peers

We are engaged in manufacturing of microcrystalline cellulose (“MCC”) which is widely used as an excipient for finished dosages in the pharmaceutical industry. We believe there are no listed entities similar to our line of business and comparable to our scale of operations, hence comparison is not possible.

## 8. The Issue Price is [●] times of the Face Value of the Equity Shares.

The Issue Price of ₹ [●] has been determined by our Company in consultation with the BRLM on the basis of assessment of the market demand from investors for the Equity Shares by way of book-building. Our Company and the BRLM believe that the Issue Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “Risk Factors”, “Our Business” and “Financial Statements” on pages 26, 159 and 232, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in “Risk Factors” and you may lose all or part of your investments.

## STATEMENT OF TAX BENEFITS

### Statement of possible special tax benefits available to the Company and its Shareholders

#### The Board of Directors

#### **Sigachi Industries Limited**

Kalyan's Tulsiram Chambers,  
Madinaguda, Hyderabad – 500 049,  
Telangana, India

Dear Sir(s):

**Sub: Statement of possible special tax benefits (“the Statement”) available to Sigachi Industries Limited (“the Company”) and its shareholders prepared to comply with the requirements of the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended (“the Regulations”)**

We, hereby confirm that the enclosed Annexure ‘A’ prepared by Sigachi Industries Limited (‘Company’) and initialed by us and the Company for identification purpose (the “Statement”), provides the possible special tax benefits available to the Company and to its shareholders under the Income Tax Act, 1961 (read with the rules, circulars and notifications issued in connection thereto), as amended by the Finance Act, 2019, presently in force in India and under indirect taxation laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure covers only special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company. The benefits discussed in the enclosed Statement are not exhaustive. The 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 changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

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

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) 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.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes’ issued by the Institute of Chartered Accountants of India (‘ICAI’) which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

We also consent to the references to us as “*Experts*” under section 26 of the Companies Act to the extent of the certification provided hereunder and included in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of tax benefits in the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus and in any other material used in connection with the Issue.

Yours sincerely,

For **T. Adinarayana & Company**

Chartered Accountants

**ICAI Firm Registration No: 000041S**

Y. Pulla Rao

Proprietor

**Membership No: 025566**

**Place: Hyderabad**

**Date: September 15, 2020**

**UDIN: 20025266AAAACA6805**

## **ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholder under the Income Tax Act 1961 (read with the rules, circulars and notifications issued in connection thereto), as amended by the Finance Act, 2019 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.

### **A. SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

Except as mentioned herein, there are no possible special tax benefits available to the company under Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962, the Customs Tariff Act, 1975, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 and Goods and Services Tax (Compensation to States) Act, 2017 read with the relevant Central Goods and Services Tax Rules, 2017, Integrated Goods and Services Tax Rules, 2017, Union Territory Goods and Services Tax Rules, State Goods and Services Tax Rules, 2017 and notifications issued under these Acts and Rules and the foreign trade policy.

The Company has Special Economic Zone (“SEZ”) unit at Dahej, Gujarat and is in the 9<sup>th</sup> year of claiming deduction under section 10AA of the IT Act. Section 10AA provides for deduction to a SEZ unit which begins to manufacture or produce articles or things or provide any services during the previous year commencing on or after April 1, 2005, but before April 1, 2020. The deduction under this section shall be allowed for a total period of 15 assessment years as under, subject to fulfillment of specified conditions and provisions of section 10AA:

|  |   |   |
|--|---|---|
| For the first 5 consecutive years beginning with the previous year in which the unit begins to manufacture such articles or things or provide services | : | 100% of the profits and gains derived from the export of such articles or things or from service  |
| Next 5 consecutive assessment year   | : | 50% of such profits or gain   |
| Next 5 consecutive assessment year   | : | So much of the amount not exceeding 50% of the profits as is debited to profit and loss account of the previous year in respect of which the deduction is to be allowed and credited to SEZ Reinvestment Reserve Account to be created and utilised for the purpose of the business of the assessee |

### **B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)**

The shareholders of the Company are also not eligible to any special tax benefits under the provisions of the Income Tax Act, 1961 read with the relevant Income Tax Rules, 1962, the Customs Tariff Act, 1975 and / or Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 and Goods and Services Tax (Compensation to States) Act, 2017 read with the relevant Central Goods and Services Tax Rules, 2017, Integrated Goods and Services Tax Rules, 2017, Union Territory Goods and Services Tax Rules, State Goods and Services Tax Rules, 2017 and notifications issued under these Acts and Rules and the foreign trade policy.

#### **Notes:**



1. *We have not considered the general tax benefits available to the Company, or shareholders of the Company.*
2. *The above is as per the Tax Laws as on date.*
3. *The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of Equity Shares.*
4. *This Statement does not discuss any tax consequences in any country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income –tax consequences that apply to them.*

## SECTION IV – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this section is derived from the report dated August 2020, (the “CARE Report”) prepared by Care Advisory, a division of CARE Advisory Research and Training Limited (“CARE”), except for other publicly available information as cited in this section. Neither we nor any other person connected with the Issue has verified the information in the CARE Report or other publicly available information cited in this section. Prospective investors are advised not to unduly rely on the CARE Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. The information in this section must be read in conjunction with the sections titled “Risk Factors” and “Our Business” beginning on pages 26 and 159, respectively.*

#### The Global Economy

Global growth for the year 2019 was at 2.9%. As a result of Covid-19 pandemic, the same is expected to contract sharply to -4.9% in 2020. Also, it is expected that the pandemic will fade in second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.4% in 2021, as per The World Bank, World Economic Outlook June 2020.

Summary of World Economic Outlook Projections is given below (in %):

| Particulars                                      | 2019 | 2020P | 2021P |
|--|------|-------|-------|
| World  | 2.9  | -4.9  | 5.4   |
| Advanced Economies                               | 1.7  | -8.0  | 4.8   |
| United States                                    | 2.3  | -8.0  | 4.5   |
| Euro Area  | 1.3  | -10.2 | 6.0   |
| Japan  | 0.7  | -5.8  | 2.4   |
| United Kingdom                                   | 1.4  | -10.2 | 6.3   |
| Canada   | 1.7  | -8.4  | 4.9   |
| Other Advanced Economies*                        | 1.7  | -4.8  | 4.2   |
| Emerging market and developing economies (EMDEs) | 3.7  | -3.0  | 5.9   |
| Emerging and Developing Asia                     | 5.5  | -0.8  | 7.4   |
| China  | 6.1  | 1.0   | 8.2   |
| India**  | 4.2  | -4.5  | 6.0   |
| ASEAN-5***                                       | 4.9  | -2.0  | 6.2   |
| Emerging and Developing Europe                   | 2.1  | -5.8  | 4.3   |
| Latin America and Caribbean                      | 0.1  | -9.4  | 3.7   |
| Middle East and Central Asia                     | 1.0  | -4.7  | 3.3   |
| Sub-Saharan Africa                               | 3.1  | -3.2  | 3.4   |

p- Projections

\* Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries

\*\* For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with FY 11-12 as a base year.

\*\*\* Indonesia, Malaysia, Philippines, Thailand, Vietnam

(Source: World Economic Outlook June 2020 as published by IMF)

Growth in the advanced economy group—where several economies are experiencing widespread outbreaks and deploying containment measures—is projected at -8.0% in 2020. Most economies in the group are forecast to contract this year. In parts of Europe, the outbreak has been as severe as in China’s Hubei province. Although essential to contain the virus, lockdowns and restrictions on mobility are extracting a sizable toll on economic activity. Adverse confidence effects are likely to further weigh on economic prospects. In 2021 the advanced economy growth rate is projected to strengthen to 4.8 percent, leaving 2021 GDP for the group about 4 percent below its 2019 level.

Among emerging market and developing economies, all countries face a health crisis, severe external demand shock, dramatic tightening in global financial conditions, and a plunge in commodity prices, which will have a severe impact on economic activity in commodity exporters. Overall, the group of emerging market and

developing economies is projected to contract by –3.0% in 2020. Downward revision to the 2020 growth projection reflects large anticipated domestic disruptions to economic activity from COVID-19. In 2021 the growth rate for emerging market and developing economies is projected to strengthen to 5.9 percent, largely reflecting the rebound forecast for China (8.2 percent). The growth rate for the group, excluding China, is expected to be –5.0 percent in 2020 and 4.7 percent in 2021, leaving 2021 GDP for this subset of emerging market and developing economies slightly below its 2019 level.

Emerging Asia is projected to have a nominal decline rate in 2020 (-0.8%). The rebound in 2021 with projected growth rate of 7.4% in emerging Asia depends critically on the pandemic fading in the second half of 2020, allowing containment efforts to be gradually scaled back and restoring consumer and investor confidence. Several economies in the region are forecast to grow at modest rates, including India at 1.9%.

Financial markets across the world are experiencing extreme volatility: equity markets recorded sharp sell-offs, with volatility touching levels seen during the global financial crisis; flights to safety have taken down sovereign bond yields to record lows; risk spreads have widened; and financial conditions have tightened. Global commodity prices, especially of crude oil, have also declined sharply in anticipation of weakening global demand on the one hand, and the failed negotiations of the Organisation of the Petroleum Exporting Countries (OPEC) and Russia, on the other.

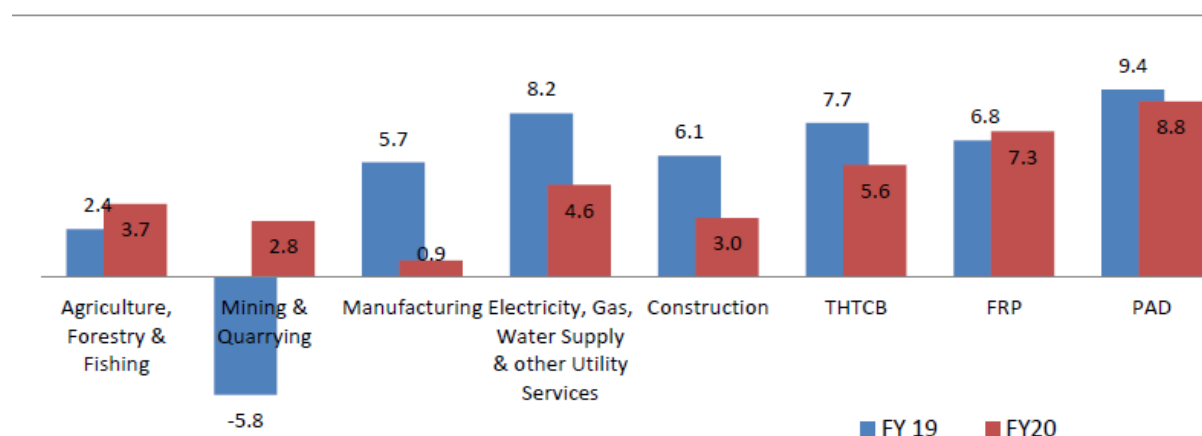
Many central banks have eased monetary, liquidity and regulatory policies to support domestic demand, including through emergency off-cycle meetings. The International Monetary Fund (IMF) and the World Bank Group are making available US\$ 50 billion and US\$ 14 billion, respectively, through various financing facilities to their membership to help them respond to the crisis.

### The Indian Economy

The annual growth of India for 2020 has been projected to be -4.5% as per IMF world Economic Outlook June 2020. However, it is expected to rebound to 6.0% in 2021.

**Gross Domestic Product (GDP)** is the sum of private consumption, gross investment in the economy, government investment, government spending and net foreign trade (difference between exports and imports). Sectorial GDP Growth is as under:

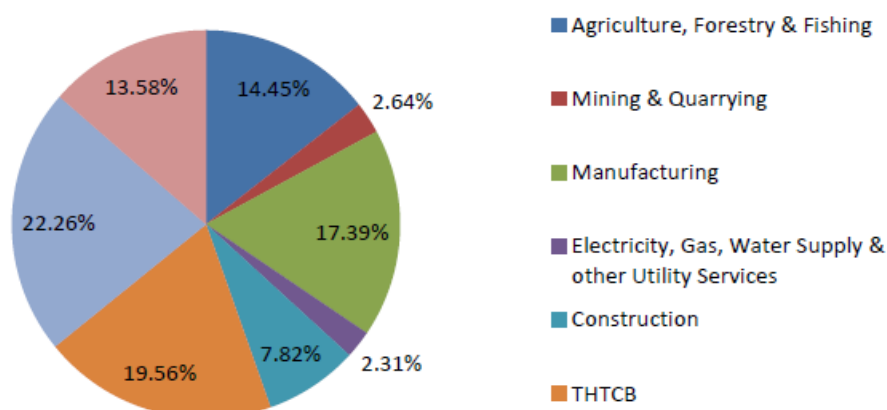
#### Sectoral Growth of GDP in (%) (At constant FY 11-12 prices)



(Source: Ministry of Statistics and Programme Implementation)

**Gross value added (GVA)** is the measure of the value of goods and services produced in an economy. GVA gives picture of supply side where as GDP represents consumption. Sector wise estimated contribution to GVA is provided below:

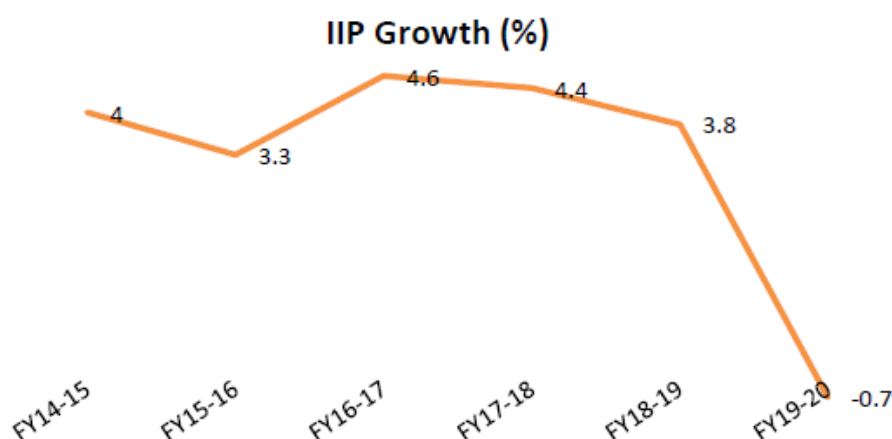
### % contribution to GVA at Constant prices (FY 11-12) for FY 19-20



(Source: Ministry of Statistics and Programme Implementation)

It may be noticed from the above that Financial, Real Estate and Professional services (FRP) contribute highest followed by contribution from Trade, Hotels, Transport and Communication services (THTCB). Share of Manufacturing and Agriculture sector was 3rd and 4th largest respectively.

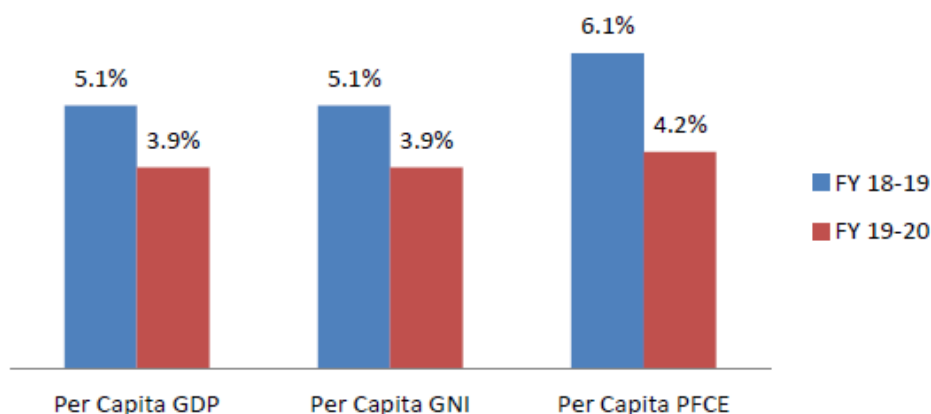
**Industrial Growth** - The cumulative Index of Industrial Production (IIP) growth during FY 19-20 was at - 0.7%.



(Source: Ministry of Statistics and Programme Implementation)

In view of the global COVID-19 pandemic and consequent nationwide lockdown measures implemented since March, 2020, the data flow from the producing units was impacted. As some of these units are yet to resume operations, the response rate has been lower than usual. Consequently, the Quick Estimates are likely to undergo revision and will be incorporated in subsequent releases as per the revision policy of IIP.

### Growth in Per Capita GDP, Income and Final Consumption



(Source: Ministry of Statistics and Programme Implementation)

During the year FY 19-20, growth in per capita GDP, income and private consumption have decreased compared to previous FY 18-19. It may be noted share of private consumption as % GDP has increased slightly from 56.7% in FY 18-19 to 56.9% in FY 19-20 indicating an increasing share of private consumption in the country.

### Indian Economy Outlook

India has not been spared from the exponential spread of COVID-19. As per IMF, growth in India is projected to be -4.5% in 2020 and “V” shape recovery with 6.0% growth in 2021. While efforts are being mounted on a war footing to arrest its spread, COVID-19 would impact economic activity in India directly through domestic lockdown. Second round effects would operate through a severe slowdown in global trade and growth.

Domestic and global shocks to key conditioning variables such as global crude oil prices, global trade and growth, the exchange rate, the monsoon outturn and the rising frequency of their visitations make forecasting a challenging task. Such uncertainties make the forecasting of growth highly challenging. The actual outturn would depend upon the speed with which the outbreak is contained and economic activity returns to normalcy.

Private consumption, in particular, is at serious risk from the COVID-19 pandemic, notwithstanding improved rabi prospects and the recent rise in food prices, and the rationalisation of personal income tax rates in the Union Budget 2020-21 along with measures to boost rural and infrastructure spending. Aggregate demand is expected to be impacted adversely by likely recession in the global economy, caused by disruptions in global supply chains, travel and tourism, and lockdowns in many economies. Domestic production will also be impacted by the nation-wide lockdown. In the near-term, the challenge is to mitigate the adverse impact of COVID-19.

Since March 2020 the inflation outlook has become highly uncertain due to the COVID-19 outbreak turning into a pandemic. Crude oil prices have collapsed to lows not seen since early 2000s. With several major economies in lockdown mode, demand conditions may weaken sharply. Accordingly, countries across the world are bracing up for deflationary forces to take hold. India may not be immune to these extreme downside pressures imparted by the pandemic.

The pick-up in economic activity would be dependent on the easing of lockdown across the country and the containment of the spread of the virus. The longer the economy at a standstill the longer the return to normalcy. Even with easing of lockdown, revival across sectors would vary significantly and be contingent on how they are able to address the challenges of liquidity, labour, logistics, demand and capacity utilization.

Significant monetary and liquidity measures taken by the Reserve Bank and fiscal measures by the government would mitigate the adverse impact on domestic demand and help spur economic activity once normalcy is restored. Still, the government would have to play a critical role for the revival of the economy mainly through investments which could to an extent address the dire employment situation and also prompt consumption.

### Microcrystalline (MCC) Industry

Microcrystalline is refined wood pulp and chemically inert substance, extensively used in food, pharmaceuticals, cosmetic, and polymer composite industries. This is owing to its non-toxicity, renewability,

biodegradability, and mechanical properties such as high surface area and bio compatibility. In processed food products, it is used as an emulsifier, stabilizer, anti-caking agent, texture modifier, stabilizer, a fat substitute, and a suspending agent.

Increasing application of microcrystalline cellulose in various industries is a major factor propelling growth of the global microcrystalline cellulose market. For instance, microcrystalline cellulose is used as stabilizer, gelling agent, suspending agent, and anti-caking agent in beverages. It is also used as a cold and hot stabilizer, in frozen food, ice cream, and canned meat, in order to improve the shelf life of the product. Furthermore, MCC (Microcrystalline Cellulose) is widely used in pharmaceuticals, owing to its tasteless, odor less, and chemical inertness properties.

### Global MCC Market (Pre-Covid)

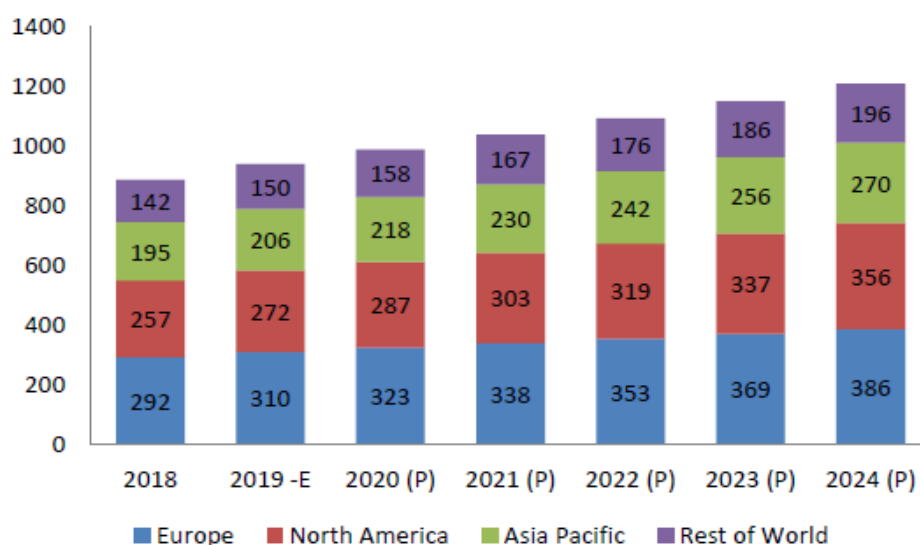
The MCC market is projected to grow from USD 938 million in 2019 to USD 1,315 million by 2024, at a CAGR of 7.0%, between 2019 and 2024. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products.

The pharmaceutical application accounts for a significant share of the MCC market, in terms of value and volume, during the forecast period. According to the International Trade Administration, in 2016, the global market for pharmaceuticals is projected to grow from around US\$ 1 trillion in 2015 to US\$ 1.3 trillion by 2020, with an annual growth rate of 4.9%. The steadily growing pharmaceutical industry is expected to support the market growth of microcrystalline cellulose over the forecast period.

The MCC market has been segmented based on application, source type, and region. On the basis of application, the MCC market has been classified into food & beverage, pharmaceutical, cosmetics & personal care, and others. Pharmaceutical was the largest application of MCC in 2018, in terms of value and volume. MCC is a vital component that is used in every form of oral dosage, which includes pellets, capsules, tablets and sachets. It is increasingly being used in quick release tablets & liquid dosage forms, sustained-release multiparticulates & matrix tablets dosage forms, topical formulations, and chewable & effervescent tablets.

Among end-use industries, pharmaceutical segment accounted for a dominant share in the market, owing to high use of microcrystalline cellulose in pharmaceutical. This is due to its chemical inertness and dry binding properties. Furthermore, food and beverage segment is expected to exhibit a substantial growth in the global microcrystalline cellulose market over the forecast period. This is due to wide application of MCC in various food and beverages including desserts, frozen food, dairy products, and baked goods. In addition to this, it is also used as a fat replacer and helps maintain the food consistency.

### MCC Market – Region wise (in USD)



Source: Industry and CARE Advisory

Europe is estimated to be the largest market for MCC in 2019 in terms of value. The overall market growth of the European region is primarily driven by increasing investments in drug development and the continuous efforts of pharmaceutical companies to offer superior-quality products. In addition, economic recovery and the increase in employment rate are the growth factors for the processed food industry in the region, which, in turn, supports the growth of the MCC market in the food & beverage application.

North America held the dominant position, in terms of revenue, in the global microcrystalline cellulose market and accounted for a share of 29%. This is attributed to steadily growing food and pharmaceutical industries as microcrystalline cellulose has high penetration in pharmaceuticals and is extensively used as functional ingredient in food and beverages. According to the International Federation of Pharmaceutical Manufacturers and associations (IFPMA), the share of US in the global pharmaceutical market is expected to increase from 40.3% in 2015 to 40% in 2020. Moreover, increasing demand for low fat food, owing to growing obese population in the region is a factor expected to support growth of the market over the forecast period. This is as MCC is gaining popularity as a cellulose-based fat replacer and is widely used in sauces, dairy products, salad dressings, and frozen desserts.

Asia Pacific is projected to be the fastest growing region in the global microcrystalline cellulose market, registering the highest CAGR of 7.33% over the forecast period. Rapidly growing food and pharmaceutical industries in the region is positively affecting growth of the market. Increasing demand for pharmaceutical products is majorly driven by steadily growing geriatric population in Asia Pacific. According to the World Bank, growth rate of the geriatric population in East Asia is higher as compared to other parts of Asia Pacific. In 2010, over 211 million residents were recorded under the category of geriatric population in East Asia, out of which, China accounted for around 130 million residents.

Food anti-caking agent is used as an additive, added to powders or graduals in order to prevent forming lumps. They are used in packaged food & beverage products, road salt, cosmetics, and feed & fertilizers to prevent the formation of lumps. Food anti-caking agents are used in food products such as table salt, milk powder, sugar products, floor, and spices. They absorb moisture or create a coating on the food particles in order to avoid the lump formation. Food anti-caking agent doesn't have any nutritional value.

The food anti-caking agent market is anticipated to witness substantial growth within the forecast period. The market is mainly driven by increasing food and beverage market and increasing adoption of packaged food products by consumers. Moreover, increasing demand for good quality food products is likely to impact positively the global food anti-caking agent market over the next few years. However, increase in food safety norms by European Food Safety Authority may restrain food anti-caking agent market. In addition, some studies have shown that food anti-caking agent may cause additional degradation of vitamin C in food products.

On the basis of the product, the market can be classified into calcium compounds, microcrystalline cellulose, sodium compounds, magnesium compounds, and others. Calcium compound is dominating the segment attributed to its high functionality and suitability in the formulation. The market can be segmented on the basis of application as seasonings and condiments, bakery, dairy products, dairy products, soups and sauces, and other applications. Seasonings and condiments segment is the fastest growing among other segments due to change in consumer's taste and innovation in food products.

In 2017, Europe emerged as a leading region in terms of food anti-caking agent demand. The growth is mainly due to increasing food demand for packaged food and changing lifestyle. Moreover, increasing demand for good quality of food products and increasing awareness regarding the nutritional value of packaged food product is anticipated to boost the demand for food anti-caking agents in Europe. North America is another key regional market and is expected show significant growth in the near future on account of increasing demand for convenience food, technological advancement, and product innovations. The Asia Pacific is projected to be the fastest growing food anti-caking agent market owing to growing adoption of western food habits and nutritional supplement industries. Moreover, the growing middle-class population and urbanization are increasing the consumer base for good quality packaged food products and powdered nutritional supplements in countries such as India, China, and Japan. The Middle East and Africa region anticipate experiencing stable growth in food anti-caking agent market due to increasing demand for premium food products, bakery, and confectionery food products.

#### **MCC Market Share Based on End – Use**

| Industry | Approx % |
|----------|----------|
|----------|----------|

| Industry                  | Approx % |
|---------------------------|----------|
| Pharmaceuticals           | 35 ~ 40  |
| Food & Beverage           | 20 ~ 25  |
| Cosmetics & Personal Care | 15 ~ 20  |
| Others                    | 10 ~ 15  |

Source: Industry and CARE Advisory

In regards to the End-use, the Binder/Diluent segment occupies the largest market share of 42.0% in 2018, with a CAGR of 6.2% during the forecast period. The market share occupied by the Binder/Diluent segment is resultant of continuous expansion of the pharmaceutical sector and the rising demand for cellulose in the industry wherein it is extensively used in oral capsules and tablets as a binder/diluent.

While discussing End-use, it is mentionable here that the Bulking agent segment is forecasted to witness the fastest growth rate of 7.1% during the forecast period, which is expected to occupy the second-largest market share of 25.9% by 2026. The continuous expansion of the food & beverage industry and associated increased demand for bulking agents like starch that can increase the bulk of the food without affecting the taste, results in the increased use of the cellulose in the segment and contributes to its growth rate.

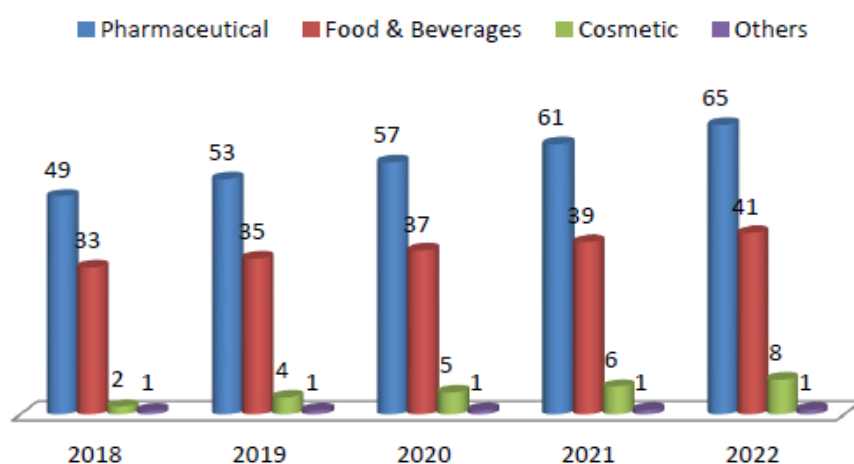
Microcrystalline cellulose is used for variety of purpose in cosmetic industry as an abrasive absorbent, emulsion stabilizer, slip modifier and an aqueous viscosity increasing agent mainly for bath, hair, eye & facial makeup, skincare and shaving products. In paint and coating industry microcrystalline cellulose can be used as thickeners and emulsifiers of water-based coatings.

In the context of the Application, the Food & Beverage segment is projected to witness the fastest growth rate of 7.2% during the forecast period, which is expected to occupy the second-largest market share of 25.0% by 2026. The growth of the processed & fast food industry, along with the essential role function of the cellulose in processed foods as a bulking agent, like in pasteurized cream, contributes to the growth rate of the Food & Beverage segment.

#### Indian MCC Market (Pre-Covid)

The microcrystalline cellulose (MCC) market size in India was estimated at USD 85 million in 2018 and is projected to reach USD 115 million by 2022, registering a CAGR of 6.25% from 2018 to 2022. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products.

#### MCC Market in India, USD mn



Source: CARE Advisory

In line with the global trend, pharmaceutical will be major growth segment followed by food & beverages and cosmetic for MCC Market in India.

#### Key Market players in MCC Market



|                                |                   |                            |  |
|--------------------------------|-------------------|----------------------------|--|
| Du Pont                        | DFE Pharma        | Sigachi Industries Limited | Huzhou City Linghu<br>Xinwang Chemical Co.,<br>Ltd |
| FMC Corp                       | Friesland Campina | Libraw Pharma              | Shandong Xinda<br>Biotechnology Co., Ltd           |
| JRS Pharma                     |                   |                            |  |
| Avantor                        |                   |                            |  |
| Rayonier Advanced<br>Materials |                   |                            |  |

### **Sigachi Industries Limited**

Sigachi is a Manufacturer, Exporter and Supplier of Micro Crystalline Cellulose, Filter Aid Cellulose, etc. Company manufactures high-quality cellulose-based excipients predominantly for the pharmaceutical, supplement and food industries. Sigachi Industries Limited is one of the leading manufacturers of MCC in India.

Company has three manufacturing sites across India located in two states. Multiple regulatory certifications certify these facilities. Sigachi sells its Cellulose based products under the following brands

- HiCelTM
- AceCel®
- CoatCel®
- GloCel®

Company has a dedicated team for marketing and sales focussed towards supplying and marketing their products in the domestic and international markets. Company's R&D Division continuously endeavours to offer the customers innovative application by exploring value additions to the products manufactured. The Company also has certifications such as EXCiPACT, HACCP, ISO 22000:2005, ISO/TS 22002-1:2009 and ISO 9001:2015, which are a key tool for conscious clients. The Company also has Jamiat Ulama Halal Foundation and Keneseth Eliyahu Synagogue certifications for MCC and co-processed excipients which are mandatory for certain customers. The Company's foreign wholly owned subsidiary, Sigachi U.S. Inc. markets and distributes company's products to their international customers specifically targeting the American market. Few customers have been with Sigachi for more than two decades, helping the Company to entrench itself in the Pharmaceutical and Nutraceutical market of Australia.

*To obtain a complete understanding, you should read this section in conjunction with the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Position and Results of Operations" on pages 26, 159 and 284 of this Draft Red Herring Prospectus, respectively.*

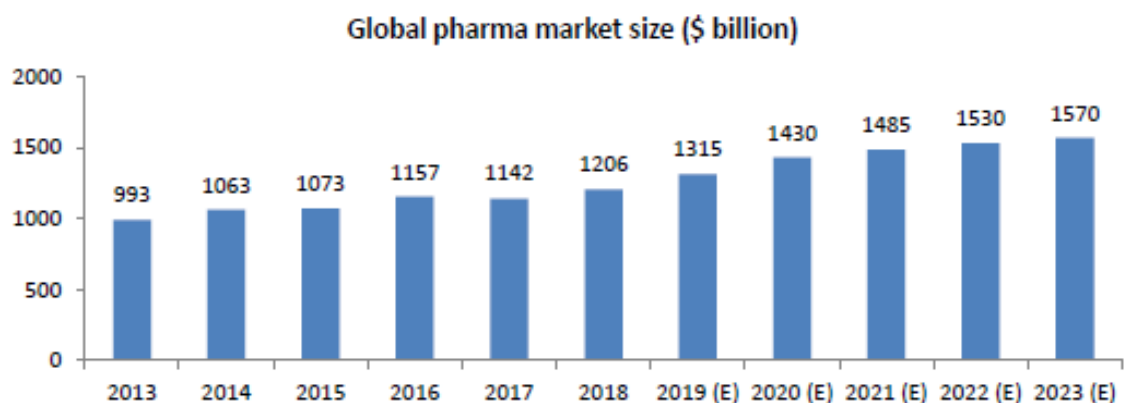
### **Key commentary for industries which consume MCC**

#### **A. Pharmaceutical Industry**

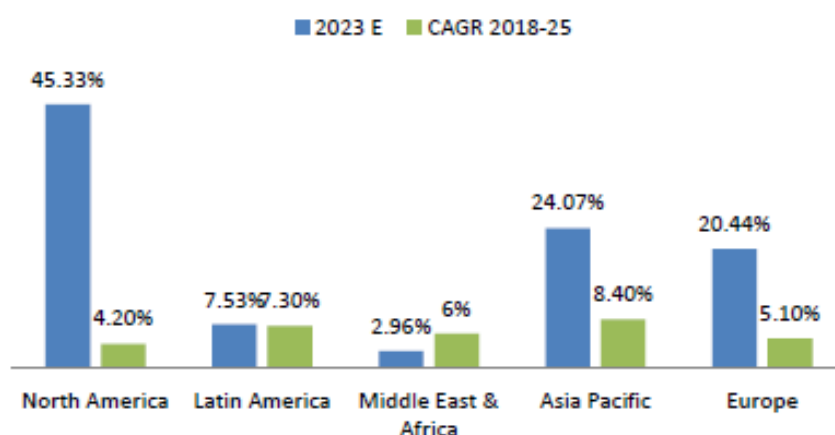
##### Global Pharmaceutical Industry

The global market for pharmaceuticals reached \$1.2 trillion in 2018, increased by 6% from 2017, according to the Global Use of Medicines report from the IQVIA Institute for Human Data Science. The Industry grew at CAGR of 4% during 2013 to 2018 which is expected to grow further at faster rate with CAGR of around 5.4% during the period 2018 to 2023.

This industry growth is driven by the global macroeconomic scenario, the changing combination of innovative and mature products apart from the rising influence of healthcare access and funding on market demand.



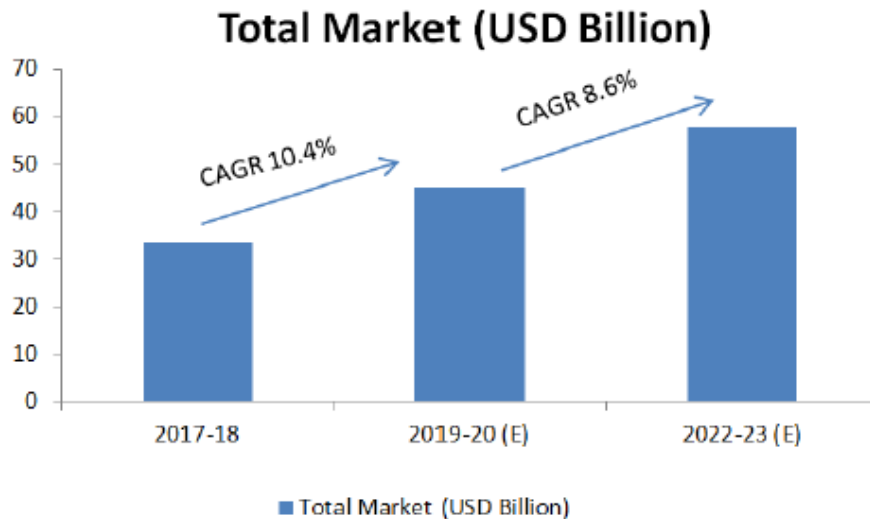
*(Source: Industry sources, complied by CARE Advisory)*



*(Source: Industry sources, complied by CARE Advisory)*

### Indian Pharmaceutical Industry

The Indian pharmaceutical industry contributes significantly to public health improvement and economic growth of the country. The Indian Pharmaceutical Industry (IPI) is ranked third globally in terms of volume. As per estimates, from a market size of USD 39 billion in FY 2018-19, the Indian pharmaceutical market will grow to USD 55 billion by 2022-23. Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income. The export growth is expected to be led by increasing generic penetration in the regulated markets on the back of enhanced focus on the niche and complex product segments, patent expiries and growing demand from semi-regulated pharma markets.



*(Source: Industry sources, compiled by CARE Advisory)*

#### Growth Drivers for Indian Pharmaceutical Industry



## **B. Food & Beverage Industry**

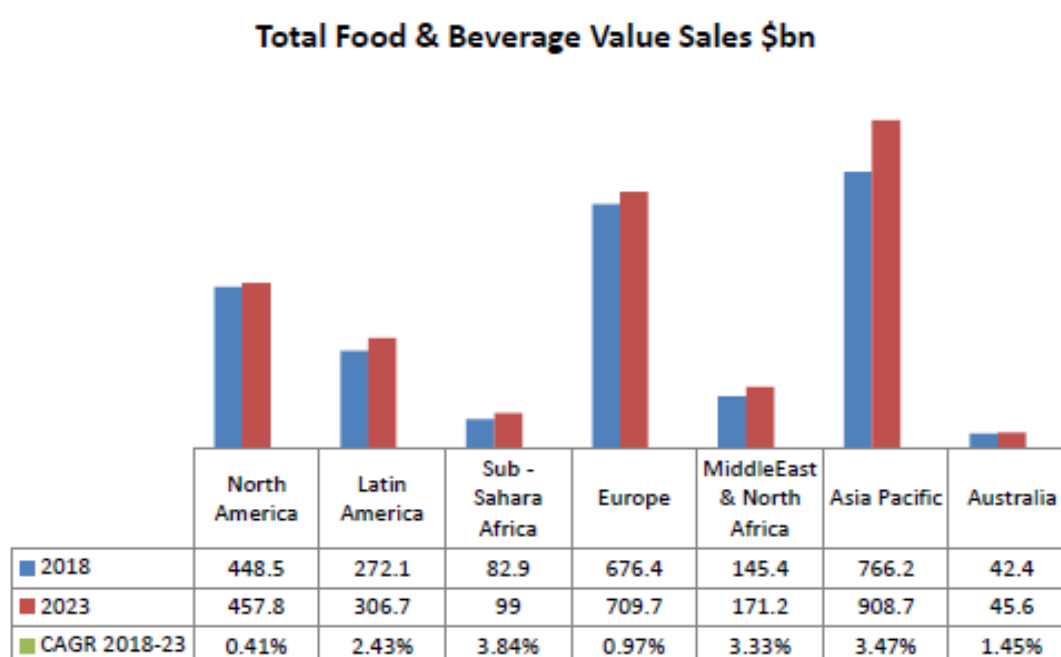
### Global Food & Beverage Industry

Overall retail value of food and beverage sales across the world in 2018 reached US\$2.43 trillion, up from US\$2.27 trillion in 2013. Based on an expected forecast CAGR of 2.1%, the industry is projected to reach US\$2.73 trillion in 2023. While beverages alone are projected to see a slightly better performance with a CAGR of 2.2% between 2018 and 2023, they also account for a significantly lower portion of the market. Value sales of soft drinks and hot drinks alone stand at US\$0.69 trillion in 2018. They are expected to reach US\$0.77 trillion in 2018.

Coming from a low per capita base, Sub-Saharan Africa will be the most rapidly expanding food and beverage market between 2018 and 2023, forecasted to witness a CAGR of 3.84%. In actual terms however, Asia Pacific is set to be significantly more important. With a CAGR of 3.47% in the same timeframe, the

region will see value sales increase by US\$143 billion, compared to merely US\$17 billion in Sub-Saharan Africa. In both regions, sales are benefiting from burgeoning populations, rapid urbanization and better access to packaged food and beverage items on the back of an on-going modern trade expansion. The star performer in Asia Pacific is thereby India. The country is expected to see the highest percentage growth between 2018 and 2023, as well as the second highest increase in actuals. Economic expansion, rising incomes and a rapidly expanding middle class has led to increased spending in the last five years and has also supported a shift from unpackaged to packaged foods.

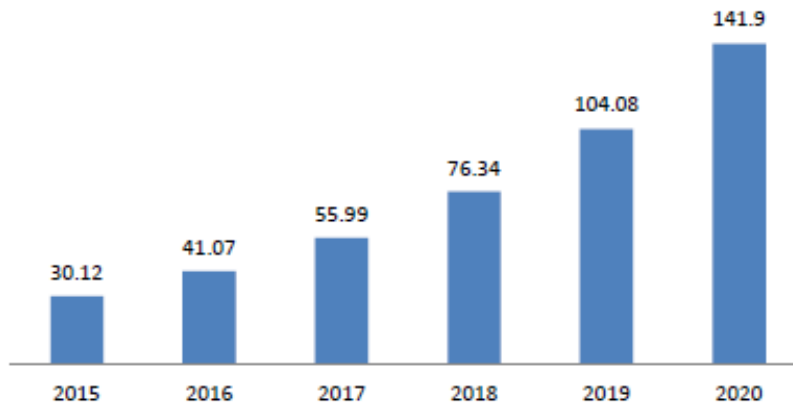
The slowest growth of food and beverage sales over the coming five years is expected in North America. Canada and the USA are saturated and mature markets with an increasing urban population and a growing number of single households. Both is benefiting foodservice sales rather than retail sales. Growth opportunities are therefore mainly found within innovative health and wellness as well as speciality products, as increasing rates of obesity, diabetes and cardiovascular diseases force many to reconsider unhealthy eating habits. Similar developments can be seen in Europe, where health and wellness is often seen as a key driver. The region is additionally benefiting from growth in less mature markets in Easter Europe, such as Russia, Poland and the Ukraine.



#### Indian Food & Beverage Industry

The food and beverage market was estimated at US\$30.12 billion in 2015 and is expected to reach US\$142 billion by 2020, with a compounded annual growth rate (CAGR) of 36.34%. The sector is dominated mainly by traditional operators. The brands and restaurant chains of both Indian origin and multinationals have not optimally penetrated the market so far. The food and beverage sector has evolved over the past decade, giving rise to exciting new concepts in food and beverage offerings and new and innovative service elements.

### Food & Beverage Market in India, US\$ bn



By 2025, India is set to become the 3rd largest consumer economy with a nominal year-over-year expenditure growth of 12% which is more than double the anticipated global rate of 5%. Demographically India is one of the youngest consumer markets (33% of the population is younger than 15 years and 50% younger than 24 years) (Source: Technopak). Generally, consumers purchase brands they recognize. In this sense, it is necessary to invest in advertising and marketing to promote one's product. India is a highly price sensitive market. Over 38% of the Indian population is vegetarian (Source: World Atlas) and customers visit both traditional mom and pop (Kirana) stores and modern stores in the ratio 5:1 times on a weekly basis (India Retailing).

India is expected to become the fifth largest consumer market in the world by 2025, according to a paper prepared by the Confederation of Indian Industry (CII) and Grant Thornton. Food and beverages is the biggest of the consumption categories. The F&B sector is supported by the vast agriculture sector: India is the biggest producer of pulses, and the second biggest producer of rice, wheat, sugarcane, and fruits and vegetables. It is also the biggest producer of milk and buffalo meat and ranks fifth in poultry production. The other helpful factors: large extents of arable lands, favourable climate, long coastline, and low wages.

The beverage industry, excluding alcoholic beverages, is worth about \$16 billion. Tea and coffee are the most popular beverages, followed by soft drinks (carbonated drinks and juices), health drinks, milk-based drinks, flavoured drinks, and energy drinks. Half of the tea and coffee consumed in the country is sold unpacked. The alcohol beverages market is estimated to be worth about \$35 billion, with whiskey, beer, and wine as the most popular drinks.

#### Growth drivers for Indian Food & Beverage Industry

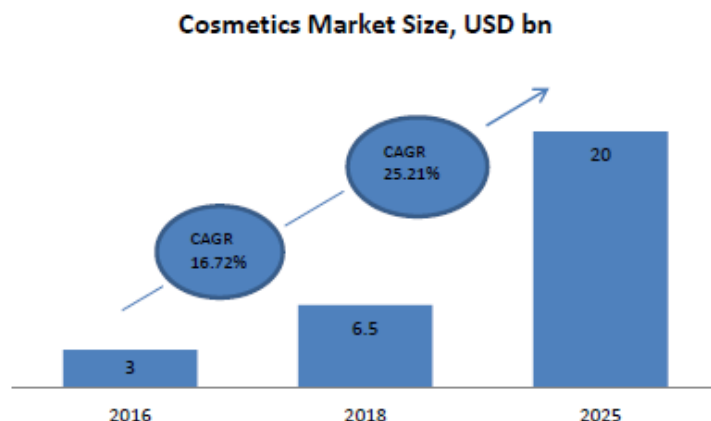
Economic developments and supportive government policies have resulted in the development of production, processing, distribution and marketing of F&B in India. Apart from India's strong macro-indicators and production base, there are seven factors that have led to an increase in the consumption:

1. Affluence of working population with increase in disposable income;
2. Rising urbanization leading to changing lifestyles and less time to prepare food at home;
3. Changes in taste and preference of the Indian consumers;
4. Increase in tourism in India and international travel by Indians increased the interest of Indians in international food products;
5. Innovative advertisements, rise in supermarkets and e-commerce boom, creating increasing awareness among consumers and also making the products easily accessible to the consumers;
6. Promised quality standards, health benefits of the products;
7. Increase in consumption of fast growing F&B (Food and Beverage) segments during special occasions and celebrations.

### C. Cosmetic Industry

#### Indian Cosmetic Industry

The Indian cosmetics industry is majorly categorised into skin care, hair care, oral care, fragrances, and colour cosmetics segments. It currently has an overall market standing of USD 6.5 billion and is expected to grow to ~ USD 20bn by 2025 with a CAGR of 25%. In comparison, the global cosmetics market is growing steadily at 3.7% CAGR and will reach ~USD 488 billion 2025. This means that by 2025, India will constitute around 3% to 4% of the total global cosmetics market and become one of the top 5 global markets by revenue.



With the improving purchasing power, demand for enhanced products and increasing image consciousness of the Indian clientele, many international brands started establishing footprints in India, across various retail formats. Also expected are uber luxury brands, to clamour for the Indian consumers' wallet and mindshare. Social media & favourable demographics are playing an important role in spreading awareness about cosmetics products and developing fashion consciousness, not only in metros but also in tier-1 & 2 cities. This is a golden opportunity for many cosmetics companies to expand beyond the top-8 cities and generate handsome revenue from all across the country.

Coupled with multiple other factors, herbal cosmetics products are driving growth due to increasing adoption, and the segment alone is expected to grow at 15%, as people become more aware of the possible perils in consistently using chemical formulations switch to 'safer' herbal and Ayurvedic products. Many Indian & international brands have been trying to seize the established player position in this segment by launching multiple products across categories. With rising demand in this space, luxury and super luxury brands have also launched products in this space.

### Outlook (Pre-Covid)

The MCC market globally is projected to grow from USD 938 million in 2019 to USD 1,315 million by 2024, at a CAGR of 7.0%, between 2019 and 2024. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products. MCC manufactured from non-wood sources is an emerging trend in the market and is projected to grow at healthy pace.

North America held the dominant position, in terms of revenue, in the global microcrystalline cellulose market and accounted for a share of 29%, followed by Europe and Asia Pacific. Asia Pacific is projected to be the fastest growing region in the global microcrystalline cellulose market, registering the highest CAGR of 7.33% over 2019-2024.

The microcrystalline cellulose (MCC) market size in India was estimated at USD 85 million in 2018 and is projected to reach USD 115 million by 2022, registering a CAGR of 6.25% from 2018 to 2022. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products.

As per estimates, from a market size of USD 39 billion in FY 2018-19, the Indian pharmaceutical market will grow to USD 55 billion by 2022-23. Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income.

The food and beverage market was estimated at US\$30.12 billion in 2015 and is expected to reach US\$142 billion by 2020, with a compounded annual growth rate (CAGR) of 36.34%. The beverage industry, contribute 8-9% to the total Food & Grocery (FG) market. The total market value of the beverages industry is close to €24 billion and is projected to increase steadily at a CAGR of 20-23%. The Indian cosmetics industry is majorly categorised into skin care, hair care, oral care, fragrances, and colour cosmetics segments. It currently has an overall market standing of USD 6.5 billion and is expected to grow to ~ USD 20bn by 2025 with a CAGR of 25%.

### **Outlook (Post-Covid)**

As MCC market is primarily triggered by increasing production of pharmaceutical and increased demand for processed food and cosmetic & personal products, after covid-19 outlook is hard to forecast due to various changing factors. In best case scenario, it is expected that the with lockdown and social distancing impact of covid-19 is going to lower in the remaining year of 2020 and worldwide economy is expected have “V” or “U” shape recovery as per various government policies and measures.

Pharmaceutical makes up to approx. 40% of MCC share worldwide and post covid-19, it is expected that the global pharmaceuticals market size is set to decline marginally in 2020. Food & Beverage and Cosmetics & Personal Care constitute around 25% and 20% of MCC share worldwide respectively.

Globally, the food & beverage industry is expected to experience the differential impact of this rapid spreading COVID-19 on each stage of its value chain through the mediums of the affected workforce at industrial level, raw material supply (agricultural produce, food ingredients, and intermediate food products), trade & logistics, demand-supply volatility and uncertain consumer demand at foodservice outlets—among other factors. Production, distribution, and inventory levels across the food & beverage industry spectrum are expected to be impacted.

With the outbreak of Covid-19 since January 2020, the market of global cosmetic products has shown declining results in the growth rate. Due to the lockdown situation going on across the globe cosmetic manufacturers had to shut down their production units as a result of the labour shortage. Additionally, numerous cosmetic stores were also shut down as the result of the COVID-19 pandemic. Going with best case scenario of containment of Covid-19 impact, with “V” shape recovery of world economy in year FY-2020-21, it is expected that Pharmaceutical, Food & Beverage and Cosmetics & Personal Care segment will also growth at rapid pace and the support the MCC market growth.

## OUR BUSINESS

*Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read “Forward Looking Statements” on page 19 of this Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our Company’s strengths and its ability to successfully implement its business strategies may be affected by various factors that have an influence on its operations, or on the industry segment in which our Company operates, which may have been disclosed in “Risk Factors” on page 26. This section should be read in conjunction with such risk factors.*

*Unless otherwise indicated, industry and market data included in this section has been derived from the industry report titled “Research Report on Microcrystalline Cellulose Industry” released in August 2020 prepared by CARE Advisory Research & Training Limited (“CARE”). This section should be read in conjunction with the “Industry Overview” on page 145 of this Draft Red Herring Prospectus. Our Financial Year ends on March 31 of each year, and references to a particular Financial Year are to the 12-month period ended March 31 of that year.*

*Unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Information, included in this Draft Red Herring Prospectus on page 232.*

### OVERVIEW

Our Company was incorporated as a private limited company in 1989, with the business to manufacture chlorinated paraffin and hydrochloric acid in our manufacturing unit situated at Hyderabad. In the year 1990, our Company diversified its product portfolio to manufacture microcrystalline cellulose (“MCC”). Our Company commenced its export operations in the year 1996 by exporting its first order of MCC to Bangkok. Owing to the consistent efforts of our Company, the sale from our export operations constituted 32% of our total sales during the financial year ending March 31, 2004. In the year 2000, with an aim to diversify our business activities, our Company started manufacturing premium grade microcrystalline cellulose by successfully commissioning a spray drier and a multi-fuel furnace, which in turn also increased our manufacturing capacity from 720 metric tonnes per annum to 1080 metric tonnes per annum. Presently, we manufacture 50 different grades of MCC at our manufacturing units, situated at Hyderabad and Gujarat with an aggregate installed capacity of 11,880 MTPY. With over 30 years of continuous growth, three multi-locational manufacturing facilities and consistent focus on delivering superior quality product, our Company is one of the leading manufacturers of cellulose based excipients in India, in terms of volume (*Source: Research Report on Microcrystalline Cellulose Industry*). We have also entered into operations and management agreements with Gujarat Alkalies and Chemicals Limited (“GACL”) for operating and managing the manufacturing units owned by GACL and for contract manufacturing of sodium chlorate, stable bleaching powder and poly aluminum chloride in the said units. For further details, please refer to the heading “Material Agreements” in the chapter titled “History and Certain Corporate Matters” at page 197 of this Draft Red Herring Prospectus.

We are engaged in manufacturing microcrystalline cellulose (“MCC”) which is widely used as an excipient for finished dosages in the pharmaceutical industry. The inert non-reactive, free flowing and versatile nature of MCC has varied applications in the pharmaceutical, food, nutraceuticals and the cosmetic industries. We manufacture MCC of various grades ranging from 15 microns to 250 microns. The major grades of MCC manufactured and marketed by our Company are branded as HiCel and AceCel. These products are distinguished with the help of different drying techniques employed by our Company during the manufacturing process. HiCel is a spray dried product and is considered superior in quality due to the physical properties of the product such as particle size, density, flow, tableting properties, etc. AceCel on the other hand is manufactured through bulk drying process. We also manufacture various grades of this product in combination with various chemicals likes colloidal silicon dioxide, carboxy cellulose sodium, mannitol etc. to cater to the growing market of the co-processed excipients.

We operate three manufacturing units namely, Unit – I situated at Hyderabad and two manufacturing units, Unit – II and Unit – III are situated at Jhagadia and Dahej, respectively located in Gujarat. Unit – I manufacture both HiCel and AceCel and caters to the domestic and international customers such as end users, merchants, distributors and exporters. Unit-II manufactures AceCel and supplements the sale in the domestic market. Unit – III is situated at Special Economic Zone (“SEZ”) at Dahej and is engaged in the manufacture of HiCel and special grades which is exported to overseas customers and distributors. Our Company foresees an increase in



demand of MCC and to tap the growing market, we intend to utilize the Net Proceeds of this Issue to enhance the existing capacity of our Unit – II and Unit – III by setting up additional facility in the said units. For further details, please refer to the chapter titled “*Object of the Issue*” at page 97 of this Draft Red Herring Prospectus.

Since, our Company is engaged in the business of manufacturing MCC and developing various grades of the MCC which have varied applications in different segments like pharmaceuticals, food, nutraceuticals, cosmetics, etc. it is but a necessity to set up and expand an in-house research and development division to realize and explore the new facets of cellulose based excipients. Our Research and Development division (“**R&D Division**”) is equipped with the necessary facilities to carry out all necessary trials to develop new molecules from concept to commissioning. Our team of experts employed in the R&D Division carry out various application tests in our in-house R&D laboratory on all the constituents which form part of our products, to ascertain the true nature of the constituents and ensure the quality of our products as per the customer requirements and international standards. Our R&D Division works on specific projects along with experts in their respective fields, focusing on application research to explore new grades of MCC. Our R&D Division is located in Unit- I and Unit – III with the objective to implement a performance oriented approach with the help of technologies developed in-house. With R&D Division in place, our Company ensures that the needs and demands of the customers who desire to customize the final products suitable to their specific needs are effectively taken care of. Our laboratory at Unit-I R&D Division has been approved and has received an accreditation from Department of Science and Industrial Research (“**DSIR**”) to undertake research and development activities. Owing to the constant efforts of our R&D division, in the year 2007, our Company for the first time registered its Drug Master File (“**DMF**”) under the US FDA, enabling us to augment our export operations. With the aid of our R&D Division, our Company in 2011 was honored with the first prize at the Innovation Award Ceremony for MSME 2011 for presenting a model on the filtration process of wet MCC cakes, which reduces the time taken for filtration and provides an optimum pH level of such cakes, for further processing. The filtration model which was presented is being implemented by us in our manufacturing process of different grades of MCC and has been detailed under the heading “*Manufacturing Process*” at page 169.

Since incorporation, it was our Company’s vision and focus to manufacture and supply superior quality products to our customers, which has enabled us to expand our business operations globally and receive certifications from renowned international bodies for our good manufacturing practices and efficient process techniques. We have quality control and assurance division (“**Quality Division**”) in all our manufacturing units which carries out all the required tests on the materials received including raw materials which are used in the manufacturing process and also on the final products. Our Quality Division also carries out tests on all the stages of our manufacturing processes to ensure that the quality is built through the process. We ensure adherence to the domestic and international standards laid down for our products. Our Company has received various certifications for the manufacturing process, managements systems implemented and the raw materials used during the manufacture of the products. We have received an attestation of conformity for complying with the COSMOS standard of the non-organic raw materials granted by ECOCERT Greenlife. In 2005, our Company for the first time registered its Drug Master File (“**DMF**”) under the US FDA enabling us to augment our export operations. We also received a certificate of suitability from European Directorate of Quality Medicines in 2014 due to the quality of our products. We have also been awarded with certifications for maintenance of quality management system in production of Micro Crystalline Cellulose / Powdered Cellulose as per EXCiPACT™, HACCP, ISO 22000:2005, ISO/TS 22002-1:2009 and ISO 9001:2015. We have received certifications for quality manufacturing process of MCC and co-processed excipients from Jamiat Ulama Halal Foundation and Keneseth Eliyahu Synagogue. In 2014 our Company also received a certificate of suitability received from European Directorate of Quality Medicines. In 2020, our Company received a certificate of registration from United Registrar of Systems for recognizing the quality management systems of all our manufacturing units which are in compliance with ISO 9001:2015. For further details, please refer to the heading titled “*Quality Related Approvals*” in the chapter titled “*Government and other Statutory Approvals*” and “*Major Events and Milestones*” in the chapter titled “*History and Certain Corporate Matters*” at pages 312 and 194 of this Draft Red Herring Prospectus.

Our revenues from operations for the Fiscals 2020, 2019 and 2018 were ₹ 13,906.26 lacs, ₹ 12,898.81 lacs and ₹ 10,0730.00 lacs respectively, and grew at a CAGR of 11.35% over such period. Our EBITDA for the Fiscals 2020, 2019 and 2018 were ₹ 5,460.20 lacs, ₹ 2,985.12 lacs and ₹ 1,478.60 lacs, respectively, and grew at a CAGR of 54.57% over such period. Our profit after tax for the Fiscals 2020, 2019 and 2018 was ₹ 2,031.55 lacs, ₹ 1,901.27 lacs and ₹ 692.24 lacs respectively, and grew at a CAGR of 43.17%. For further details, please refer to the section titled “*Financial Information*” on page 232 of this Draft Red Herring Prospectus.

## OUR COMPETITIVE STRENGTHS

### ***Well experienced management team with proven project management and implementation skills.***

We are led by a group of individuals, having a strong background and extensive experience in the excipient and pharmaceutical industry. Our Promoters and Whole-time Directors, Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan have been associated with us since the inception. They are the founding members and are actively involved in the strategic decision making for our Company, pertaining to corporate and administrative affairs, financial operations, expansion activities, business development and management of overall business. Our Promoter, Rabindra Prasad Sinha, played an instrumental role in setting up of our wholly owned subsidiary, Sigachi US Inc. and in expansion of our export operations. Our Promoter, Chidambarnathan Shanmuganathan has an experience of more than five decades in the field of variety of chemicals and derivatives of cellulose. He has played an instrumental role in expanding the domestic operation of our Company and in setting up of our manufacturing units in Gujarat. His vision has helped our Company diversify the operations to include operation and maintenance of chemical manufacturing units for a public sector undertaking such as Gujarat Alkalies and Chemicals Limited. Our Promoter, Managing Director and Chief Executive Officer, Amit Raj Sinha has been instrumental in strengthening the Research and Development Division of our Company. He along with his team from the R&D Division of our Company have published various research papers in renowned journals such as International Journal of Pharmaceutical Sciences and Research, European Journal of Biomedical and Pharmaceutical sciences, World Journal of Pharmaceutical Research, International Journal of Recent Scientific Research, etc. Under his leadership and owing to his insights and knowledge in the pharmaceutical and cellulose industry we have successfully filed an application for registering our patent titled as “BARETabPH”.

We have an experienced and professional management team with strong management and execution capabilities and considerable experience in the excipient industry. The team comprises of personnel having technical, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. Our team is well qualified and experienced in the diversified industries to which our Company caters and has been responsible for the growth of our operations. We believe the stability of our management team and the industry experience brought in coupled with their strong repute, will enable us to continue to take advantage of future market opportunities and expand into new markets. For further details of the educational qualifications and experience of our management team and our Key Managerial Personnel please refer the chapter titled “*Our Management*” beginning on page 202 of this Draft Red Herring Prospectus.

### ***Pan India market presence and one of the leading excipient manufacturer among the market leaders of cellulose based excipients in India.***

With the help of our long standing market presence and the superior quality of our products we have been able to create a pan- India market presence catering to various end users, merchants, distributors and exporters. We have been able to cater to the changing and specific need based requirements of our customers by being the forerunner of innovation focusing on R&D and our ability to customize the usage of our product in various applications. We have a dedicated team of professionals for managing and overseeing the production, marketing and selling of our products. However, what makes us stand out is our quality control and quality assurance team, which ensures that we manufacture superior quality products. We have a competitive advantage being an integrated manufacturer, to customize our products with variations as per the specific requirements of our customers. We believe this distinguishes us from the other players in the industry.

### ***One of the Leading manufacturers of cellulose based excipient industry in India with over 30 years’ experience and multiple applications across industries.***

We have a legacy of more than three decades in the cellulose based excipient industry. We manufacture MCC of various grades and market them under our brand names, such as HiCel, AceCel, HiCel MCG, AceFibre, HiCel SMCC, etc. We believe that consumers have a strong loyalty to our brands, which has enabled our growth. The R&D Division is augmented by niche research skills along with promoters’ extensive experience and technical capabilities, we have made advancement in development of MCC and are positioned amongst top 10 players globally in manufacturing of MCC based excipients. In domestic market, our Company is one of the leading manufacturers with large operating capacity giving it benefit for its first mover advantage coupled with its technical capabilities and a capable R&D Division and manufacturing infrastructure.

Our Company has been one of the leading manufacturers of MCC in India (*Source: Research Report on Microcrystalline Cellulose Industry*). Our strict compliance with the internal quality control and international standards of quality has enabled us to expand our operations internationally to forty-one (41) countries including Australia, USA, South America, U.K., Poland, Italy, Denmark, China, Colombia, Bangladesh, to name a few. The revenue of our Company from the export operations for the Fiscals 2020, 2019 and 2018 are 8,493.61 lacs, 7,603.39 lacs and 5,743.25 lacs respectively. We believe that our relationships with customers and suppliers coupled with our innovative and cost-effective manufacturing process makes us well positioned to benefit from this positive trend and continue to expand our operations.

***Presence across diverse industry verticals with long standing relationship with our customers.***

We have developed long-term relationships with our customers in various sectors including pharmaceutical, nutraceuticals, food, nutraceuticals and cosmetics. Our business with some of our more recent customers has increased, since we added them to our customer portfolio, reflecting our ability to develop and strengthen relationships with customers.

We attribute the strength of our customer relationships to our ability to customize our products based on customer specifications and requirements, as well as our track record of consistent delivery of quality and cost-effective products and solutions through our strategic alignment with our key customers' goals and specifications over the years. We believe that our customers have unique requirements and preferences, and our R&D Division strives to fulfill such requirements and preferences by conducting various application tests in the in-house laboratories. This helps us understand customer requirements and their future plans better, enabling us to forecast, plan and manufacture our products accordingly, thereby resulting in business optimization, improved productivity, efficiency and margins. Our innovative research, efficient processing and application testing capabilities coupled with consistent delivery of quality has helped us develop and maintain long-term relationships with a number of our customers.

***Comprehensive product portfolio enables us to serve diverse end-use applications.***

Owing to the inert non-reactive, free flowing and versatile nature of MCC, we are in a position to customize the usage and application of our products to various industries including but not limited to pharmaceutical, food, nutraceuticals and cosmetics. MCC is a white, insoluble, neutral, non-reactive, free flowing, versatile excipient. Its physical, chemical and rheological properties dictate its performance in a broad range of applications in food, pharmaceuticals, nutraceuticals, cosmetic and other industries. To serve these diverse industries, the polymer is available in several grades which varies in their average particle size and bulk density. We manufacture MCC in various grades ranging from 15 microns to 250 microns. We have an in-house R&D Division, which is responsible for expanding our product portfolio and its application across industries. Our R&D Division regularly interacts with customers to understand demand for new products and explores new applications of our products.

***Strategically located manufacturing facilities with a core focus on quality.***

With a view to strategically expand our operations and ensure our market presence in domestic and international markets, we have set up three multi locational manufacturing units namely, Hyderabad, Telangana (“Unit – I”), Jhagadia, Gujarat (“Unit – II”) and Dahej, Gujarat (“Unit – III”) which helps us provide timely, efficient and customized delivery of our products in terms with the specific demographic needs. Our foreign wholly owned subsidiary namely Sigachi U.S. Inc. has been incorporated in Virginia, USA which ensures our international market presence and helps us cater to the needs and requirements of our international customers. The manufacturing at Unit- III located in the SEZ is entirely export-oriented unit. We intend to tap the growing demand of MCC by utilizing the Net Proceeds of this Issue for expanding the manufacturing capacities of our Unit II and Unit III. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 97 of this Draft Red Herring Prospectus.

Our multi-location facilities have aided in market penetration and developing a strong presence in India and abroad.

A break up of the domestic and export sales for the past three financial years is depicted in the table below:

| Particulars          | FY 20            |                    | FY 19            |                    | FY 18            |                    |
|----------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                      | ₹ lacs           | % of sales revenue | ₹ lacs           | % of sales revenue | ₹ lacs           | % of sales revenue |
| Domestic Sales       | 5,388.87         | 38.82%             | 5,187.48         | 40.56%             | 4,450.58         | 43.66%             |
| Export Sales         | 8,493.61         | 61.18%             | 7,603.39         | 59.44%             | 5,743.25         | 56.34%             |
| <b>Total Revenue</b> | <b>13,882.48</b> | <b>100.00%</b>     | <b>12,790.86</b> | <b>100.00%</b>     | <b>10,193.83</b> | <b>100.00%</b>     |

A break up of the domestic and export sales for the past three financial years (unit-wise) is depicted in the table below:

| Particulars          | FY 20            |                    | FY 19            |                    | FY 18            |                    |
|----------------------|------------------|--------------------|------------------|--------------------|------------------|--------------------|
|                      | ₹ lacs           | % of sales revenue | ₹ lacs           | % of sales revenue | ₹ lacs           | % of sales revenue |
| <b>Jhagadia</b>      |                  |                    |                  |                    |                  |                    |
| - Export             | 648.74           | 4.67%              | 484.78           | 3.79%              | 603.11           | 5.92%              |
| - Domestic           | 2,397.17         | 17.27%             | 1,524.49         | 11.92%             | 1,296.89         | 12.72%             |
| Total Jhagadia       | 3,045.91         | 21.94%             | 2,009.27         | 15.71%             | 1,900.00         | 18.64%             |
| <b>Dahej</b>         |                  |                    |                  |                    |                  |                    |
| - Export             | 5,472.28         | 39.42%             | 5,308.18         | 41.50%             | 3,757.79         | 36.86%             |
| - Domestic           | 32.97            | 0.24%              | 10.86            | 0.08%              | 51.34            | 0.50%              |
| Total Dahej          | 5,505.25         | 39.66%             | 5,319.04         | 41.58%             | 3,809.13         | 37.37%             |
| <b>Hyderabad</b>     |                  |                    |                  |                    |                  |                    |
| - Export             | 2,372.60         | 17.09%             | 1,810.42         | 14.15%             | 1,382.34         | 13.56%             |
| - Domestic           | 2,958.73         | 21.31%             | 3,652.13         | 28.55%             | 3,102.35         | 30.43%             |
| Total Hyderabad      | 5,331.33         | 38.40%             | 5,462.56         | 42.71%             | 4,484.70         | 43.99%             |
| <b>Total Revenue</b> | <b>13,882.48</b> | <b>100.00%</b>     | <b>12,790.86</b> | <b>100.00%</b>     | <b>10,193.83</b> | <b>100.00%</b>     |

As can be seen from the above tabular data, our Company's revenues are spread across our manufacturing units and are not heavily dependent on a particular manufacturing unit.

We have also been awarded with certifications for maintenance of quality management system in production of Micro Crystalline Cellulose / Powdered Cellulose as per EXCiPACT™, HACCP, ISO 22000:2005, ISO/TS 22002-1:2009 and ISO 9001:2015. We have received certifications for quality manufacturing process of MCC and co-processed excipients from Jamiat Ulama Halal Foundation and Keneseth Eliyahoo Synagogue. We have checks and testing systems in place, from the procurement of raw material to the final product, for ensuring the quality of our products. For further details, please refer to the heading titled "Quality Related Approvals" in the chapter titled "Government and other Statutory Approvals" at page 312 of this Draft Red Herring Prospectus.

#### ***Quality Assurance and Quality Control of our products.***

Quality Assurance and Quality Control are integral part of our manufacturing operations. We believe that quality is an ongoing process of building and sustaining relationships. All the products are manufactured strictly as per the GMP norms using the expertise of our experienced and trained team to supply superior quality products to our customers at competitive price. Our commitment of supplying superior quality products is boosted by our industry knowledge.

All our manufacturing facilities have a fully equipped Quality Division with experienced and qualified staff to carry out quality checks and inspections at all the stages of our manufacturing process. We have in-house laboratories and necessary infrastructure to test our raw materials and finished products to match the quality standards as specified by the relevant pharmacopeia and customers. Our Quality Division and in-house laboratories are equipped with the necessary equipment such as tablet hardness tester, tablet friability tester, UV spectrophotometer, etc. for ensuring the quality and compliance with international standards.

#### ***Growth led by continuous investment and focus on R&D.***

Our Promoters, who form part of our executive management have inculcated a culture of innovation and instilled a firm belief that R&D is a key element of our growth and, will continue to be so. In line with this

thinking, our Company has over the years made regular investments in R&D to expand our bouquet of product offerings and to streamline manufacturing process. We have three R&D Divisions and two in-house laboratories, one in each of our three manufacturing units. Our laboratory in our Unit-I R&D Division has been approved and has received an accreditation from DSIR to undertake research and development activities. With the aid of our R&D Division, our Company in 2011 was honored with the first prize at the Innovation Award Ceremony for MSME 2011 for presenting a model on the filtration process of wet MCC cakes, which reduces the time taken for filtration and provides an optimum pH level of such cakes, for further processing. The filtration model which was presented is being implemented by us in its manufacturing process of different grades of MCC and has been detailed under the heading “*Manufacturing Process*” at page 169. Our Promoter Directors are actively involved in the R&D initiative and have presented several papers/ articles in international journals.

We believe that the product and process innovations will be key factor going forward and our continued investment in R&D will better prepare us to take advantage of any future opportunities. We want to continue to focus on such dedicated consultative processes between our customers and our Company as that helps us to understand the processes followed by our customers and their specific application requirements better and we are able to provide them specific solutions at the earliest. We want to continue to promote and strengthen our formulation and application expertise which is led by our technical R&D team.

### ***Government Incentives***

Due to our export activities, our Company enjoys certain benefits of incentives under the “Merchandise Exports from India Scheme” (MEIS) and “Duty Drawback Scheme” provided by the Central Government of India. Under the MEIS scheme, a percentage of achieved FOB (Free on Board) value of 2, 3, or 5% of the exports, is paid as incentives. The incentives are paid as the MEIS duty credit scrip that will be used to pay for numerous taxes/duties along with the excise duty/customs tax. The duty credit scrips issued under MEIS are easily transferable and are to be used to pay excise duty, service tax, and customs duty. Further, under the Duty Drawback Scheme, the excise duty suffered on inputs, service tax paid for input service and customs duty paid on imported raw material during manufacturing of export goods are remitted after export of such goods. These incentives help our Company to promote our export activities and widen our international global footprint.

*Government of India, through Ministry of Commerce and Industry on September 01, 2020, vide circular number 30/2015-2020, has capped the export incentives under the scheme, Merchant Export from India Scheme (MEIS), at ₹ 2 crore per exporter on outbound shipments made during the period from September 1 to December 31, 2020. The aforesaid cap on export incentive can further see downward revision in line with GOI’s plan to curtail the cumulative incentive payment to ₹ 5,000 crores. Additionally, it has been notified that the MEIS scheme is to be withdrawn w.e.f. January 01, 2021 and that a new scheme will replace the current MEIS scheme.*

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

The current outbreak of COVID-19 pandemic has adversely impacted the global economy. The World Health Organization declared the outbreak of COVID-19 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. However, as we are engaged in manufacturing of MCC which is a critical raw material for pharmaceutical products, our products were categorized under the ‘essential goods’ and our manufacturing facilities at Dhahej, Jhagadia and Hyderabad were not shut down during this pandemic. However, due to limited availability of labour, logistics and supply chain constraints, manufacturing operations at our plants were impacted during the initial period of the lockdown. We continued our manufacturing activities after making arrangements to meet the government’s requirements on sanitization, people movement and social distancing.

Since then, we have resumed operations as per the Government of India and state government’s directives. Our plant utilization has improved, raw material suppliers have resumed operations and supply and logistics have become more regular. The future impact of COVID-19 or any other severe communicable disease on our business and results of operations depends on several factors including those discussed in “*Risk Factors – External Risk Factors No. 75 - The outbreak of Novel Coronavirus or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations*” on page 55 of this Draft Red Herring Prospectus. We are continuously monitoring the economic conditions and have outlined certain measures to combat the pandemic situation and to minimize the impact on

our business. For more details, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after March 31, 2020 that may affect our results of operations– Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19)*” on page 294 of this Draft Red Herring Prospectus.

## **OUR BUSINESS STRATEGIES**

Our strategic objective is to improve and consolidate our position as one of the leading excipient manufacturer in India with a continuous growth philosophy and to enter in value services. Below points represents our continuous growth philosophy being implemented:

### ***Increasing our manufacturing capacity to focus on the growing demand of our core products***

We have over the years increased our production capacities through consistent growth and innovation. With the view to expand our manufacturing operations, in Fiscals 2010 and 2012, we had set up two additional manufacturing facilities at Jhagadia and Dahej, respectively. We believe that our strong presence in the Indian market positions us well to capitalise on the anticipated growth in demand of our core products which are MCC and the various grades of MCC manufactured by our Company. We intend to expand the manufacturing capacity of our units situated in Dahej and Jhagadia which will result into increase revenues and profit margins. The strategic decision to expand our manufacturing units will increase our ability to cater to the expected increase in demand of our products. We propose to utilize the Net proceeds of this Issue to increase our manufacturing capacity at our Jhagadia and Dahej facility by an additional 3,600 MTPA each to maximize the capacity utilization of the manufacturing unit. Our Unit-I, Unit- II and Unit- III are spread over an area of approximately 1.94 acres, 1.44 acres and 2.67 acres, respectively. We believe that our strategic decision to expand our Units II and III will significantly increase our product offering and we also expect to benefit from economies of scale. For further details, please refer to the chapter titled “*Objects of the Issue*” on page 97 of this Draft Red Herring Prospectus.

### ***Increasing our focus on our core business segment***

Our Company is engaged in manufacturing of MCC which has varied applications in the pharmaceutical, food, nutraceuticals and cosmetic industries. Our manufacturing units are situated at Hyderabad, Jhagadia and Dahej. Alongside, we also maintain and operate the manufacturing units of Gujarat Alkalies and Chemicals Limited (“**GACL**”), the details of which can be seen under the heading “*Material Agreements*” in the chapter titled “*History and Certain Corporate Matters*” on page 197 of this Draft Red Herring Prospectus.

Going forward, we intend to focus our efforts towards our core business of manufacturing MCC and its various grades for various industries or applications. Our Company foresees an increase in demand of MCC and to the tap the growing market, we intend to fully utilize our resources in our own manufacturing units. Further, the Net Proceeds of this Issue will be utilized to enhance the existing capacity of our Unit – II and Unit – III by setting up additional facility in the said units. For further details, please refer to the chapter titled “*Object of the Issue*” at page 97 of this Draft Red Herring Prospectus. Our increased focus on our core business would help us expand our domestic and global footprint and also enable us to diversify our product portfolio. This will lead to optimum resource utilization which would help us efficiently achieve our business strategies.

### ***Diversifying and increasing penetration in markets***

We are engaged in manufacturing of MCC which is widely used as an excipient for finished dosages in the pharmaceutical industry, as a stabilizer, anti-caking agent, fat substitute and emulsifier in food industry and as a fat substitute, thickener and binder in cosmetics. Currently, we manufacture MCC of 50 different grades ranging from 15 microns to 250 microns at our manufacturing units. The domestic market offers various opportunities in term of sub-geographic penetration and product/ market diversification which we intend to seize and increase our market share by exploring untapped markets and segments by innovating value added products with the help of our R&D Division, as part of our strategy to widen growth prospects. We shall also continue to explore opportunities in different regions and countries abroad to enhance our geographical reach.

### ***Increasing our Global presence***

Our income from exports grew at a CAGR of 13.93% from ₹ 5,743.25 lacs in Fiscal 2018 to ₹ 8,493.61 lacs in Fiscal 2020. We currently export our products to forty- one (41) countries including Australia, USA, South

America, U.K., Poland, Italy, Denmark, China, Colombia, Bangladesh, etc. and plan to expand our export operations globally. Our primary focus is offering diversified and customized products based on our customer's specifications and requirements. Through a combination of increased capacities, reduced costs, wider range of product specifications and services adhering to global standards, marketing initiatives, competitive pricing and more efficient use of our resources, we intend to expand our global footprint with diversified applications for our products in various industries.

### ***Strengthen our marketing network***

We continue to enhance our business operations by ensuring that our customer base increases through our marketing efforts. We believe that our ability to customize our products for the various applications by our customers can help us diversify our operations across different customer segments. Our core competency lies in the thorough understanding of our customers' needs and preferences, our vision to engage in sustainable practices and providing unparalleled quality of our products thereby achieving customer loyalty. The R&D Division of our Company continuously endeavors to offer the customers innovative application by exploring value additions to our products. Presently, our marketing and sales division consists of members who are responsible for marketing and supplying our products in various sectors. We intend to strengthen our existing marketing team by inducting qualified and experienced personnel, who will supplement our existing marketing strategies in the domestic and international markets.

The certifications such as EXCiPACT™, HACCP, ISO 22000:2005, ISO/TS 22002-1:2009 and ISO 9001:2015 and the certifications for our quality manufacturing process of MCC and co-processed excipients from Jamiat Ulama Halal Foundation and Keneseth Eliyahu Synagogue certify the quality of our products and the compliance with international standards mark the efficiency and expertise of our employees in the Quality Division. We have already started out on our journey as a manufacturer and supplier of our existing products in the international market, by incorporating a wholly owned subsidiary, Sigachi US Inc. in Virginia, USA which facilitates supply of our products to our customers in the international markets. The quality of our products and compliance to the customer specifications and international standards, is our biggest marketing technique. For further details, please refer to the heading titled "*Quality Related Approvals*" in the chapter titled "*Government and other Statutory Approvals*" at page 312 of this Draft Red Herring Prospectus.

We would aim our business strategies to be dynamic and proactive, given the macro and micro market environments in which we operate or where we may expand in the future. Our Company shall always strive to:

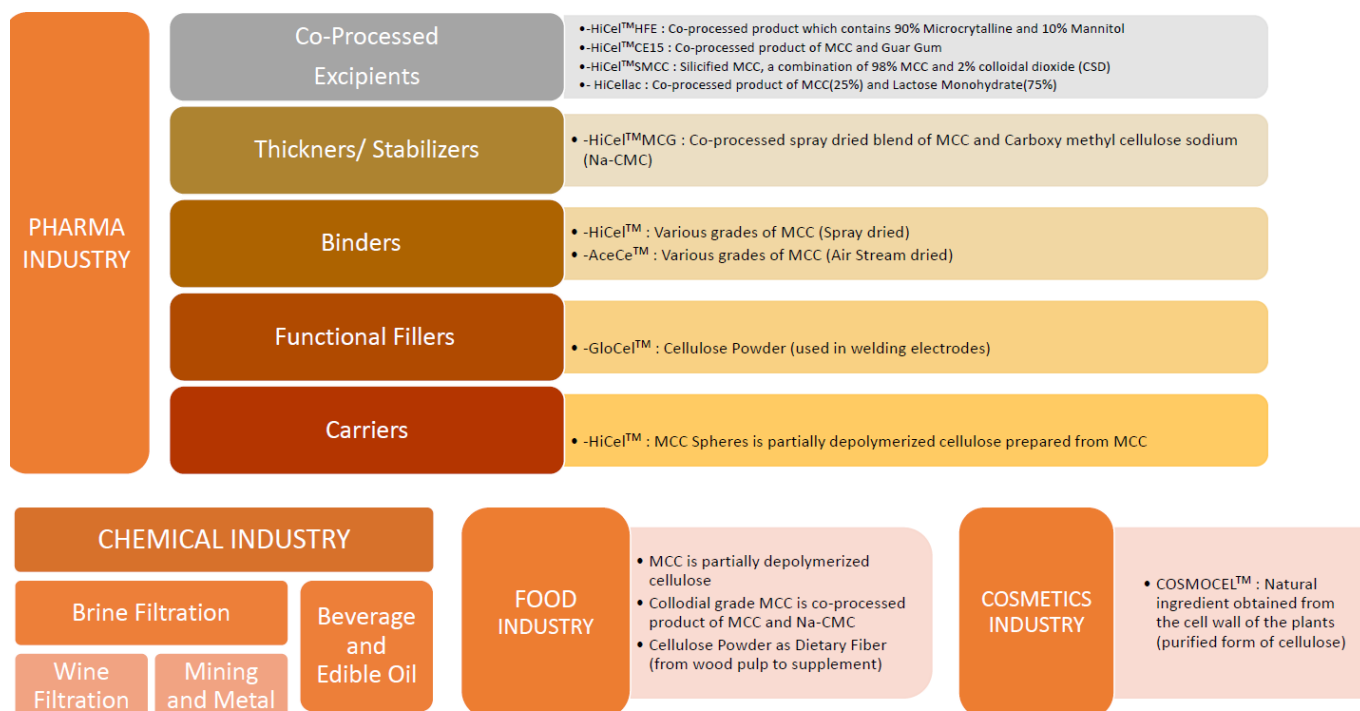
- achieve maximum operational efficiency;
- strengthen and expand our market position and product portfolio;
- enhance our depth of experience, knowledge-base and know-how; and
- increase our network of distributors, customers and geographical reach.

## **DETAILS OF OUR BUSINESS**

### **• PRODUCTS**

We are engaged in manufacturing of microcrystalline cellulose ("MCC"), a purified depolymerized cellulose, obtained as pulp from plants. MCC is considered as a diluent having self-binding properties and it is one of the preferred direct compressible binder owing to its dry binding properties. It has distinguished chemical and physical properties from other excipients and has a broad range of applications in the food, pharmaceutical, cosmetic, nutraceuticals and other industries. Due to its chemically inert nature and strong binding properties, MCC is compatible with most active pharmaceutical ingredients. Good absorption capacities, broad particle size profile and good compressibility with fast disintegration has placed the MCC as the most widely used excipient in the pharmaceutical industry. MCC is used for the production of solid dosage form due to its good compressibility, compatibility and loading capacity of drugs. In the food industry, it is widely used as a stabilizer, anti-caking agent, fat substitute and emulsifier in food production. MCC acts as a fat substitute, thickener and binder in cosmetics ensuring consistency in the texture, quality and freshness. MCC is prepared by hydrolysis process at temperature, neutralized after completion of hydrolysis and then filtered and dried by spray drying or bulk drying.

The industry-wise product bifurcation of our Company is provided below:



We manufacture 50 grades of MCC, ranging from 15 microns to 250 microns having varied applications, the grades are as below:

| S. no. | Grades         | Description          | Main Application   |
|--------|----------------|----------------------|--|
| 1.     | HiCel™ 25M     | MCC 105              | Very fine grade, gives a pleasant mouth feel, mask bitter tastes and supports flavors. This grade is used for tablet coating.  |
| 2.     | HiCel™ 50M     | MCC 101              | Fine Standard MCC grade, especially suited for wet granulation, roller compaction and spheronisation. Very high compatibility.   |
| 3.     | HiCel™ HD50M   | High BD MCC 101      | Equal as grade 101, but with higher bulk density & with improved flow properties   |
| 4.     | HiCel™ 90M     | MCC 102              | Medium size standard MCC grade, suited for majority of the direct compressible actives. Combined good flow and high compatibility.   |
| 5.     | HiCel™ HD90M   | High BD MCC 102      | Equal to grade 102/90M, but with increased bulk density & improved flow properties. Especially suited for high speed tableting and processing high density actives.  |
| 6.     | HiCel™ 12      | MCC 12               | Coarse grade MCC combines good compatibility and & binding capacity with outstanding flow, provides good content uniformity at low weight variation even when used with low concentration of fine actives    |
| 7.     | HiCel™ LP 200  | MCC 200              | Coarse grade MCC, combines good compatibility & high binding capacity with outstanding flow. Provides good content uniformity at low weight variation even when used with low concentration of fine actives. |
| 8.     | HiCel™ 90M SCG | Corser than 90M      | Coarser than HiCel™ 90M, this grade has been specially developed for high density with fine particles API's.   |
| 9.     | HiCel™ LM 50   | Low moisture MCC 101 | Equal quality as grade 101/50M, but with very low moisture content (<3.0%) for processing water sensitive actives  |
| 10.    | HiCel™ XLM 50  | Low moisture MCC 101 | Equal quality as grade 101/50M, but with very low moisture content (<1.5%) for processing water sensitive actives  |
| 11.    | HiCel™ XLM 90  | Low moisture MCC 112 | Equal to grade 102/90M, but with very low moisture content (<1.5%) for processing water sensitive actives.   |
| 12.    | HiCel™ LM 90   | Low moisture MCC 102 | Equal to grade 102/90M, but with low moisture content (<3.0%) for processing water sensitive actives   |
| 13.    | HiCel™ 14      | Low moisture MCC 12  | Equal to grade 12, but with low moisture content (<1.5%) for processing water sensitive actives.   |
| 14.    | HiCel™ XLM 200 | Low moisture MCC 200 | Equal quality to grade 200/LP200, but very low moisture content (<1.5%) for processing water sensitive actives.  |
| 15.    | AceCel® 101    | MCC 101              | Fine Standard MCC grade, especially suited for wet granulation, roller compaction & spheronisation. Air stream dried grade.  |
| 16.    | AceCel® 102    | MCC 102              | Medium size standard MCC grade, suited for majority of the direct  |



| S. no.                              | Grades             | Description                              | Main Application   |
|-------------------------------------|--------------------|--|--|
|                                     |                    |  | compressible actives.  |
| 17.                                 | AceCel® 103        | Low moisture MCC 101(LOD NMT 3.0%)       | Equal to quality as 101/50M, with low moisture content (<3.0%) for processing water sensitive actives.   |
| 18.                                 | AceCel® 105        | MCC 105                                  | Very fine grades, gives a pleasant mouth feel, masks bitter tastes and supports flavors.   |
| 19.                                 | AceCel® 112        | Low moisture MCC 102                     | Equal to grade 102/90M, but with very low moisture content (<1.5%) for processing water sensitive actives.   |
| 20.                                 | AceCel® 113        | Low moisture MCC 101 (LOD NMT 1.5%)      | Equal quality as grade 101/50M, but with very low moisture content (<1.5%) for processing water sensitive actives.   |
| 21.                                 | AceCel® 200        | MCC 200                                  | Coarse grade MCC, combines good compatibility & high binding capacity with outstanding flow. Provides good content uniformity at low weight variation even when used with low concentration of fine actives. |
| 22.                                 | AceCel® 301        | High BD MCC 101                          | Equal as grade 101, but with higher Bulk density & improved flow properties.   |
| 23.                                 | AceCel® 302        | High BD MCC 102                          | Equal to grade 102/90M, but with increased bulk density & improved flow properties. Especially suited for high speed tableting and processing high density actives.  |
| 24.                                 | AceCel® 12         | MCC 12                                   | Coarse grade MCC, combines good compatibility & high binding capacity with outstanding flow, provides good content uniformity at low weight variation even when used with low concentration of fine actives. |
| 25.                                 | AceCel® LD 1000    | Fine than 101                            | Fine than AceCel 101, combines higher compatibility.   |
| 26.                                 | AceCel® SG 1030    | MCC 101                                  | It is equivalent to AceCel 101, combines good compatibility and this grade develop for food  |
| <b>High Functionality Excipient</b> |                    |  |  |
| 27.                                 | HiCel™ MCG 501     | MCC + CMC                                | Gelling agent for “ready to use” applications prepared with high shear forces.   |
| 28.                                 | HiCel™ MCG 581     | MCC + CMC                                | High functionally gelling agent for all type of suspensions and emulsion   |
| 29.                                 | HiCel™ MCG 591     | MCC + CMC                                | High functionally gelling agent for all type of suspensions and emulsions.   |
| 30.                                 | HiCel™ MCG 611     | MCC + CMC                                | Gelling agent for recostituable dry suspension requires low shear forces   |
| 31.                                 | HiCel™ SMCC 50M    | MCC + Silicon Dioxide                    | Superior Physico-mechanical properties that may be of advantage in hard gelatin capsule formulations.  |
| 32.                                 | HiCel™ SMCC 90M    | MCC + Silicon Dioxide                    | Superior Physico-mechanical properties that may be of advantage in hard gelatin capsule formulations.  |
| 33.                                 | HiCel™ SMCC LM 90  | MCC + Silicon Dioxide                    | Equal to grade SMCC 90M, but with very low moisture content (<3.0%) for processing water sensitive actives.  |
| 34.                                 | HiCel™ SMCC HD 90  | MCC + Silicon Dioxide                    | Superior Physico-mechanical properties that may be of advantage in hard gelatin capsule formulations.  |
| 35.                                 | HiCel™ SMCC SCG 90 | MCC + Silicon Dioxide                    | Coarser than HiCel™ SMCC 90M, this grade has been specially developed for high density with fine particles API's   |
| 36.                                 | HiCel™ HFS 90M     | MCC + Mannitol+ Silicon Dioxide          | Addition of Mannitol and Silicon dioxide in the MCC in co-processed increased flowability compatibility of the powder  |
| 37.                                 | HiCel™ HFS 50 M    | MCC + Mannitol+ Silicon Dioxide          | Addition of Mannitol and Silicon dioxide in the MCC in co-processed increased flowability compatibility of the powder  |
| 38.                                 | HiCellac 80        | MCC + Lactose Monohydrate                | Good compatibility, flowability, Hardness and uniformity of Dosage.  |
| 39.                                 | HiCellac 100       | MCC + Lactose Monohydrate                | Good compatibility, flowability, Hardness and uniformity of Dosage.  |
| 40.                                 | HiCel™ CE 15       | MCC + Guar gum                           | Provide a superior s creamier mouth feel and reduce friability.  |
| 41.                                 | BARETab® Lub 90M   | Binder+Lubricant                         | Good compatibility, flowability and no need additional lubricant   |
| 42.                                 | BARETab® Lub LM 90 | Binder+ Lubricant                        | This grade has lower moisture content (<3.0%) and recommended for extremely moisture sensitive active ingredient.  |
| 43.                                 | BARETab® Lub 50M   | Binder+ Lubricant                        | Formulas where a balance of flow and compaction is required. No need additional lubricant  |
| <b>Multifunctionality Excipient</b> |                    |  |  |
| 44.                                 | BARETab® PH        | Binder+ Glidant+ Disintegrant+ Lubricant | Ready to use premix for DC tablet formulation, having outstanding flow and compressibility and maintained drug uniformity throughout the batch.  |
| 45.                                 | BARETab®           | Binder+ Glidant+                         | It is low moisture content (<3.0%) and recommended for extremely   |

| S. no. | Grades                 | Description                                    | Main Application   |
|--------|------------------------|--|--|
|        | LMPH                   | Disintegrant+<br>Lubricant                     | moisture sensitive active ingredient.  |
| 46.    | BARETab®<br>Nutra 90M  | Binder+ Glidant+<br>Disintegrant+<br>Lubricant | Ready to use premix for DC tablet formulation, having outstanding flow and compressibility for pharma, food and nutraceutical formulation. |
| 47.    | BARETab®<br>Nutra LM90 | Binder+ Glidant+<br>Disintegrant+<br>Lubricant | It is low moisture content (<3.0%) and recommended for extremely moisture sensitive active ingredient.                                     |
| 48.    | BARETab Nutra<br>50M   | Binder+ Glidant+<br>Disintegrant+<br>Lubricant | It has higher compressibility and suitable for granular API's.   |
| 49.    | BARETab ODT<br>90M     | Binder+ Disintegrant+<br>Sweetener             | For Quick dissolving tablet matrix, Superior, flow and compressibility. Formulas in which a balance of flow and compaction is required.    |
| 50.    | BARETab ODT<br>50M     | Binder+ Disintegrant+<br>Sweetener             | For Quick dissolving tablet matrix, superior flow and compressibility. Formulas in which optimal compaction and decent flow is required.   |

## MANUFACTURING PROCESS

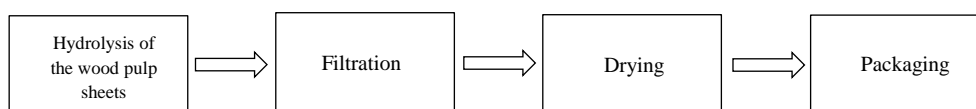
### *Raw Material Procurement*

The major raw material used during the manufacture of MCC is purified dissolving wood pulp bales. These are imported from Canada, South Africa, Thailand, Indonesia and America from various suppliers. The chemical and physical properties of the pulp determine the final quality of our finished products. The wood pulp bales are imported based on the quality and the price at which they are available with the suppliers.

For ensuring the correct physical composition of our resultant product, it is important for us to undertake a quality check on the raw materials sourced. Our Quality Division carries out various tests such as ash content, water soluble substances, ether soluble substances, moisture content, paper brightness test, black particles etc. We also use hydrochloric acid and other auxiliary chemicals for converting wood pulp into MCC, these materials are sourced domestically. All our raw materials are easily available in the market.

### *Manufacturing Process*

The various grades of MCC manufactured by our Company are distinguished on the basis of bulk density, particle size, moisture content and sieve percentages and the manufacturing process involved therein is similar in nature. We follow a three-step manufacturing process, the wood pulp bales are cut into sheets and subjected to hydrolysis, the wet cakes which are generated from this process is then passed through the filter press. The filtered MCC is dried as per the required process, packaged and dispatched. The stepwise manufacturing process is detailed below:



#### ➤ *Cutting of wood pulp bales*

The imported wood pulp sheets are received in bales and sheet form, and are passed through a wood pulp shredder. The wood pulp sheets are cut into symmetrical pieces by passing them through the shredder to make it easier for it to react with the chemicals in the chemical reactor. The Company manufactures MCC in batch process. The quantity of the raw material is proportionate to the batch quantity of the final product.

#### ➤ *Hydrolysis of wood pulp sheets*

The sheets of wood pulp once cut and weighed are added to the reactors. The Company has glass lined reactors, which are used for hydrolysis of the wood pulp which is carried out at the required temperature and pressure. Once the hydrolysis is completed and the slurry is formed, the Quality Division of the manufacturing unit tests the nature and texture of the slurry.

#### ➤ *Filtration*

Once the slurry is formed and in-process quality check is done, it is sent for filtration. At filter press, the slurry is passed through in order to separate ‘*mother liquor*’ from the slurry and the ‘*filtrate*’ is sent to the effluent treatment plant. The residual cake is washed during the process to make it neutral as well as salt free. Air is passed through the cake to reduce the moisture content.

➤ *Drying*

Due to the varied applications of our products in different sectors, different drying techniques are used on the wet cakes. The various drying techniques adopted during the manufacturing process have been detailed below:

a) *Fluidized bed drying process (“FBD”):*

The wet cake obtained during the filtration process is crushed into small lumps having size less than 50 mm. The lumps are then subjected to fluidized bed drying process (hot air drying process) where the residual moisture is reduced to a desired level. In order to achieve a finer micron size of the fluidized bed dried MCC, it is further subjected to pulverization process wherein the lumps are grinded into smaller granules or powder.

b) *Spin Flash Dryer (“SFD”):*

The entire operation is automated. The wet cake is fed into the cake breaker, hot air is passed through the spin agitator, agitation speed is decided as per the particle size which has to be achieved. The powder is discharged from the cyclone through a rotary air lock valve. Fines are trapped in the bag filter and collected separately to ensure it is not vented into the atmosphere.

c) *Spray Drying:*

The wet cake is charged batch wise into slurry preparation tank continuously stirring to ensure homogenous mixture and percentage of solids as per standard is maintained and checked by Quality Division. The slurry is then sprayed in the spray dryer where drying takes place using hot air.

The product obtained from (a) and (b) are blended and sieved to make a uniform, homogeneous and a standard batch size for final packing. However, the product obtained from spray drying process is sieved and directly sent for packaging.

➤ *Packaging*

The final product is weighed and packed in required packing as specified by the customers. Quality Division undertakes all necessary samplings here and based on their results in the same area we have auto sealing and stitching provisions. Once the packaging is done, the final products are then transferred to quarantine room for testing. Once Quality Division approves a batch, is then transferred to finished goods storage area.

**Quality control and tests at each stage at the manufacturing process:**

The raw materials procured and the finished products manufactured are checked and inspected by the Quality Division to ensure that the desired quality is achieved. The Quality Division follows necessary standard operating procedures (“SOP”), standard test procedures (“STP”) and calibration techniques in our fully equipped in-house testing facility. The in-house facility is well equipped to meet all the specifications required to follow such as United States Pharmacopeia (“USP”), British Pharmacopeia (“BP”), India Pharmacopeia (“IP”) and European Pharmacopeia (“EP”). To ensure that the products dispatched or sold by our Company are of utmost quality, the Quality Division maintains controlled samples for a period of six years for every batch which is manufactured and dispatched.

**PLANT AND MACHINERY**

Our manufacturing units house various material handling and preparation equipment. Our unit wise plant and machinery is as follows:

**a) Unit- I:**

The following is the list of major plant and machineries we have installed at Unit - I:

| S. No. | Name of the Machinery                          | Quantity |
|--------|--|----------|
| 1.     | Glass Lined Reactor                            | 04       |
| 2.     | Filter Press                                   | 03       |
| 3.     | Pre Pulveriser                                 | 01       |
| 4.     | Pulveriser                                     | 03       |
| 5.     | Sifter 48                                      | 01       |
| 6.     | Vibro Screen                                   | 01       |
| 7.     | Blender  | 02       |
| 8.     | Fluid Bed Drier                                | 04       |
| 9.     | Mixer  | 01       |
| 10.    | Slurry Tank SD (Preparation Tank)              | 01       |
| 11.    | Slurry Tank SPD                                | 01       |
| 12.    | Electrical Hoist Motor                         | 01       |
| 13.    | Vertical Thermic Boiler (Thermic Fluid Heater) | 01       |
| 14.    | Spray Drier                                    | 01       |
| 15.    | Boiler   | 01       |
| 16.    | Boiler -3 M.T                                  | 01       |
| 17.    | Cake Breaker                                   | 01       |
| 18.    | Spin Flash Drier                               | 01       |
| 19.    | Shifter 30"-New                                | 01       |
| 20.    | Shifter 40"-New                                | 01       |
| 21.    | Shifter 60"-New                                | 01       |
| 22.    | Shifter 48"-New                                | 02       |

**b) Unit -II:**

The following is the list of major plant and machineries we have installed at Unit-II:

| S. No. | Name of the Machinery  | Quantity |
|--------|------------------------|----------|
| 1.     | Reactor                | 02       |
| 2.     | Filter Press           | 02       |
| 3.     | Fluid Bed Drier        | 03       |
| 4.     | Pulveriser             | 02       |
| 5.     | Sifter                 | 03       |
| 6.     | Blender                | 01       |
| 7.     | Steam boiler           | 01       |
| 8.     | Hoist motor            | 01       |
| 9.     | ID fan                 | 01       |
| 10.    | Mixer                  | 01       |
| 11.    | Fp Washing Pump        | 02       |
| 12.    | Slurry Pump            | 02       |
| 13.    | Boiler Feed Water Pump | 02       |
| 14.    | AHU Supply             | 01       |
| 15.    | AHU Return             | 01       |
| 16.    | Electrical Panel       | 02       |

**c) Unit - III:**

The following is the list of major plant and machineries we have installed at Unit- III:

| S. No. | Name of the Machinery                | Quantity |
|--------|--------------------------------------|----------|
| 1.     | Reactor Glass Lined                  | 02       |
| 2.     | Wood Pulp Shredder                   | 01       |
| 3.     | Filter Press                         | 02       |
| 4.     | Spray dryer and its parts            | 01       |
| 5.     | Weighing balance                     | 02       |
| 6.     | Stitching machine with conveyor belt | 01       |
| 7.     | Floor material hatch                 | 01       |
| 8.     | SS static pass box                   | 01       |

| S. No. | Name of the Machinery  | Quantity |
|--------|--|----------|
| 9.     | Process air receiver   | 01       |
| 10.    | Control air receiver   | 01       |
| 11.    | HP air compressor  | 01       |
| 12.    | AHU 2 with 4 TR condensing unit with cap of 1460 CFM and terminal HEPA filters | 01       |
| 13.    | Supply AHU3 with 1000 CFM  | 01       |
| 14.    | Exhaust AHU3 with 900 CFM  | 01       |
| 15.    | Supply AHU5 13500 CFM  | 01       |
| 16.    | Exhaust AHU 5 with 13000 CFM   | 01       |
| 17.    | AHU6 with 4 TR condensing unit and terminal HEPA filter                        | 01       |
| 18.    | 2 ton boiler with FO ring main system and chimney                              | 01       |
| 19.    | Pulverize  | 01       |
| 20.    | Sifter   | 04       |

## REVENUE BREAK-UP

- a) Our Company has a pan-India market presence and we export our products to over forty-one (41) countries such as Australia, USA, South America, U.K., Poland, China, Denmark, Colombia, Bangladesh, etc. Our revenue break up for the preceding three fiscals based on the sale of our products in domestic and international markets is as follows:

| S. No.       | Particulars | Fiscal 2020      | Fiscal 2019      | Fiscal 2018      |
|--------------|-------------|------------------|------------------|------------------|
| 1.           | Domestic    | 5,388.87         | 5,187.48         | 4,450.58         |
| 2.           | Exports     | 8,493.61         | 7,603.39         | 5,743.25         |
| <b>Total</b> |             | <b>13,882.48</b> | <b>12,790.86</b> | <b>10,193.83</b> |

- b) Our revenue break up for the preceding three fiscals based on the sale of our products from our three manufacturing units in the domestic and the international markets is as follows:

### i. Unit – I (Hyderabad)

(₹ in lacs)

| S. No.       | Particulars | Fiscal 2020     | Fiscal 2019     | Fiscal 2018     |
|--------------|-------------|-----------------|-----------------|-----------------|
| 1.           | Exports     | 2,372.60        | 1,810.42        | 1,382.34        |
| 2.           | Domestic    | 2,958.73        | 3,652.13        | 3,102.35        |
| <b>Total</b> |             | <b>5,331.33</b> | <b>5,462.56</b> | <b>4,484.70</b> |

### ii. Unit- II (Jhagadia)

(₹ in lacs)

| S. No.       | Particulars | Fiscal 2020     | Fiscal 2019     | Fiscal 2018     |
|--------------|-------------|-----------------|-----------------|-----------------|
| 1.           | Exports     | 648.74          | 484.78          | 603.11          |
| 2.           | Domestic    | 2,397.17        | 1,524.49        | 1,296.89        |
| <b>Total</b> |             | <b>3,045.91</b> | <b>2,009.27</b> | <b>1,900.00</b> |

### iii. Unit – III (Dahej)

(₹ in lacs)

| S. No.       | Particulars | Fiscal 2020     | Fiscal 2019     | Fiscal 2018     |
|--------------|-------------|-----------------|-----------------|-----------------|
| 1.           | Exports     | 5,472.28        | 5,308.18        | 3,757.79        |
| 2.           | Domestic    | 32.97           | 10.86           | 51.34           |
| <b>Total</b> |             | <b>5,505.25</b> | <b>5,319.04</b> | <b>3,809.13</b> |

- c) Our Company manufactures MCC in 50 grades, which have varied applications in different industries. Our revenue break up for the preceding three fiscals based on the revenue received from the sale of our products in different industries is as under:

(₹ in lacs)

| S. No.       | Particulars     | Fiscal 2020      | Fiscal 2019      | Fiscal 2018      |
|--------------|-----------------|------------------|------------------|------------------|
| 1.           | Pharmaceuticals | 10,411.86        | 9,593.15         | 7,645.37         |
| 2.           | Foods           | 1,388.25         | 1,279.09         | 1,019.38         |
| 3.           | Cosmetics       | 694.12           | 639.54           | 509.69           |
| 4.           | Nutraceuticals  | 1,388.25         | 1,279.09         | 1,019.38         |
| <b>Total</b> |                 | <b>13,882.48</b> | <b>12,790.86</b> | <b>10,193.83</b> |

## Our Major Customers

We majorly sell our finished products to various end users, merchants, distributors and experts. The following is the revenue breakup of the top five and top ten customers of our Company for the Fiscal 2020, 2019 and 2018 are as follows:

(₹ in lacs)

| Particulars             | Fiscal 2020 |             | Fiscal 2019 |             | Fiscal 2018 |             |
|-------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                         | Amount      | Percentage% | Amount      | Percentage% | Amount      | Percentage% |
| <b>Top 5 customers</b>  | 5,325.28    | 38.36       | 5,306.53    | 41.49       | 3,923.92    | 38.49       |
| <b>Top 10 customers</b> | 7,426.93    | 53.50       | 6,866.03    | 53.68       | 5,215.97    | 51.17       |

## Utilities:

Our manufacturing units have the following utilities and support equipment:

| S. No. | Particulars of the utilities  |
|--------|---|
| 1.     | Air compressors   |
| 2.     | Steam boiler  |
| 3.     | Cooling tower   |
| 4.     | Effluent treatment plant  |
| 5.     | ETP Neutrallization Tank  |
| 6.     | Degasser Tank   |
| 7.     | ETP Pump  |
| 8.     | ETP evaporator  |
| 9.     | RO unit for ETP plant to recover RO water from the waste water generated during the manufacturing process |
| 10.    | RO unit for regular water purification  |
| 11.    | Sewage water treatment plant  |
| 12.    | Hot air generator   |
| 13.    | Demineralized water treatment plant   |
| 14.    | Demineralized water storage tank  |
| 15.    | Raw water storage tank  |
| 16.    | Acid drain tank   |
| 17.    | Condensate tank   |
| 18.    | 1 <sup>st</sup> wash water tank   |
| 19.    | 2 <sup>nd</sup> wash water tank   |
| 20.    | First wash tank   |
| 21.    | Second wash tank  |
| 22.    | HCL day tank  |
| 23.    | HCL transfer pump   |
| 24.    | Hot water transfer pump   |
| 25.    | Process water O/H tank  |
| 26.    | FO storage tank   |
| 27.    | Boiler FO service tank  |
| 28.    | Ammonia wash tank   |
| 29.    | Waste water storage tank  |
| 30.    | Caustic stank   |
| 31.    | Boiler feed tank  |
| 32.    | Knife Mill  |
| 33.    | Secondary Drying System   |
| 34.    | Raw water pump, slurry feed pump, acid recirculation pump, etc.   |
| 35.    | Air Handling units  |
| 36.    | Earthing Pit  |
| 37.    | DG Set 380 KVA (for Unit I)   |

## Power

All our manufacturing units have adequate power supply to carry out manufacturing operations. The details of the power supply of our manufacturing units is as follows:

### a) Unit- I:

Unit- I receives power supply from Telangana Power Corporation Limited and has been sanctioned 350.00 KVA power.

**b) Unit- II:**

Unit- II receives power supply from Dakshin Gujarat Vij Company Limited. It has been sanctioned a power supply not exceeding the limit of 225 KVAH power.

**c) Unit- III:**

Unit- III receives power supply from Torrent Energy Limited. It has been sanctioned a power supply not exceeding the limit of 481.00 KVA.

We have installed DG sets in all our manufacturing units for contingencies occurring due to power outage.

**Steam/ Fuel**

We have installed steam boilers and thermic fluid boilers in our manufacturing units. We have also installed hot air generator plants in Units- I and III for generating hot air during the manufacturing process.

**Water**

Our manufacturing units have adequate water supply. We source water from third party vendors for carrying out our manufacturing operations in Unit I, whereas in Units II and III, water supply provided by Gujarat Industrial Development Corporation is used for carrying out our day-to-day operations.

We have also installed a RO plant and demineralized water plant in Units I and III. The water which is sourced by or is supplied to our units is first treated in the RO plant and the demineralized water plant, before it can be used during our manufacturing process.

**Waste Management**

We have installed effluent treatment plants in all our manufacturing units, for treatment of waste generated during the manufacturing process. We have a zero-liquid discharge (“ZLD”) effluent treatment plant which has been installed in Units I and II, which enables us to carry out complete in-house treatment of waste water which is generated. However, the Unit- III of our Company is yet not equipped to carry out complete treatment, therefore to complete the treatment of waste water, the partially treated water is sent to the common effluent treatment plant of Gujarat Industrial Development Corporation. We have availed the services of Bharuch Enviro Infrastructure Limited for common incineration facility for a quantity of 10 MTPY and for common solid waste disposal facility for a quantity of 06 MTPY for the Unit – III of our Company.

We had availed the requisite consents and environmental approvals from the regulatory authorities for operating our manufacturing units. For further details, please refer to the chapter titled “*Government and other Statutory Approvals*” at page 306 of this Draft Red Herring Prospectus.

**Capacity Installed and Capacity Utilisation**

Set forth below is the detail of the installed and utilized capacity of our manufacturing units for the last three years. The details have been certified by K. Anjaneyulu, chartered engineer *vide* his chartered engineer certificates dated September 01, 2020.

| Particulars               | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2022 | March 31,<br>2023 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                           | Actual            | Actual            | Actual            | Estimate          | Expected          | Expected          |
| <b>A. Dahej Unit</b>      |                   |                   |                   |                   |                   |                   |
| Installed Capacity (MTPA) | 3672              | 3672              | 3672              | 4380              | 7980              | 7980              |
| Production volume (MTPA)  | 2789.56           | 3054.51           | 3204              | 4005              | 6700              | 7150              |
| Capacity utilization      | 75.97%            | 83.18%            | 87.25%            | 91.44%            | 83.96%            | 89.60%            |
| <b>B. Jhagadia Unit</b>   |                   |                   |                   |                   |                   |                   |

| Particulars               | March 31,<br>2018 | March 31,<br>2019 | March 31,<br>2020 | March 31,<br>2021 | March 31,<br>2022 | March 31,<br>2023 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                           | Actual            | Actual            | Actual            | Estimate          | Expected          | Expected          |
| Installed Capacity (MTPA) | 2160              | 2160              | 2160              | 2160              | 5760              | 5760              |
| Production volume (MTPA)  | 1576.61           | 1672.08           | 1720              | 1907              | 4850              | 5200              |
| Capacity utilization      | 72.99%            | 77.41%            | 79.63%            | 88.29%            | 84.20%            | 90.28%            |
| <b>C. Hyderabad Unit</b>  |                   |                   |                   |                   |                   |                   |
| Installed Capacity (MTPA) | 6048              | 6048              | 6048              | 6048              | 6048              | 6048              |
| Production volume (MTPA)  | 3482              | 4214              | 4177              | 5054              | 5160              | 5300              |
| Capacity utilization      | 57.57%            | 69.68%            | 69.06%            | 83.56%            | 85.32%            | 87.63%            |

## COLLABORATIONS

As on date of this Draft Red Herring Prospectus, we have not entered into any technical or financial collaborations or agreements.

## CORPORATE SOCIAL RESPONSIBILITY

We as a responsible corporate citizen are committed to take up different developmental projects, as part of our Corporate Social Responsibility (“CSR”) initiatives towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR committee has been constituted as per the applicable act. We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with legal requirements under the applicable Indian laws. In furtherance of the same, we endeavor to undertake CSR activities such as sustainable environment development, promoting gender equality, ensuring care for senior citizens and differently abled persons, maintaining cleanliness by installing dustbins, constructing portable toilets, etc. We have spent an amount of ₹ 26.71 lacs and ₹ 17.39 lacs towards our CSR initiatives during FY 20 and FY 19 respectively.

### Insurance

Under the restrictive covenants imposed by the financial institutions and also as a good business practice we maintain insurance covering our stocks, machineries and assets at such levels that we believe to be appropriate. We maintain insurance cover against loss or damage by burglary, business interruption by fire, earthquake, terrorism, spoilage, impact damage due to road or rail services, etc. by availing burglar insurance policy, boiler and pressure plant policy, business interruption (fire) insurance policy, machinery insurance policy, standard fire and special perils policy, fire insurance policy, machinery (engineering) insurance policy. We have also insured our employees by availing public liability (industrial risks) policy, public liability industrial policy and public liability (act only) policy.

### Marketing

Our R&D Division continuously endeavors to offer the customers innovative application by exploring value additions to the products manufactured. The certifications such as EXCiPACTTM, HACCP, ISO 22000:2005, ISO/TS 22002-1:2009 and ISO 9001:2015 and the certifications for our quality manufacturing process of MCC and co-processed excipients from Jamiat Ulama Halal Foundation and Keneseth Eliyahu Synagogue certify the quality of our products and the compliance with international standards mark the efficiency and expertise of our employees in the Quality Division, which we use frequently for our marketing pitches where there is a requirement. We strictly adhere to the quality expectations of the customers and the international standards by conducting the necessary tests before dispatching out products. Our foreign wholly owned subsidiary, Sigachi U.S. Inc. markets and distributes our products to our international customers, understands their requirements and conveys us the same, which enables us to undertake R&D exercises, thereby eventually providing innovative products conforming to quality standards expected by our customers. Our marketing team coupled with our R&D and Quality Divisions are committed to expand our business operations in the domestic and international



markets by providing good quality standardized and customized products which caters to the specific requirements of our customers.

## HUMAN RESOURCES

We believe that our employees are key contributors to our business success. As on March 31, 2020, we have 365 employees including our Directors, who look after our business operations, factory management administrative, secretarial, marketing and accounting functions in accordance with their respective designated goals.

Following is a department wise employee break-up:

| Department           | Number of Employees |
|----------------------|---------------------|
| Management Promoters | 03                  |
| Senior Management    | 06                  |
| MD Office            | 02                  |
| Finance & Accounts   | 08                  |
| Sales & Marketing    | 11                  |
| SCM                  | 13                  |
| HR / Admit & IT      | 14                  |
| Projects             | 06                  |
| Corporate Q & A      | 01                  |
| Operations           | 01                  |
| Production           | 386                 |
| Maintenance          | 83                  |
| Utility & ETP        | 46                  |
| Quality Control      | 48                  |
| QA & RA              | 10                  |
| Unit HR & Admin      | 29                  |
| Stores               | 24                  |
| Dispatch             | 25                  |
| Purchase             | 01                  |
| R&D                  | 12                  |
| <b>Total</b>         | <b>729</b>          |

## INTELLECTUAL PROPERTY RIGHTS

### a) Trademark:

#### i. Our Company owns the following trademark:

| Sr. No. | Description | Class | Registration Number | Valid up to   |
|---------|-------------|-------|---------------------|---------------|
| 1.      | BravoAd     | 02    | 2771286             | July 10, 2024 |
| 2.      | BRAVOAD     | 05    | 2764967             | June 30, 2024 |

#### ii. Our Company has entered into a deed of assignment dated April 04, 2019 with Amit Raj Sinha Family Trust, one of our promoter group entities (hereinafter referred to as the “Assignee”) and a supplemental deed of assignment dated September 14, 2020 with the Assignee. Vide this deed of assignment, our Company on receiving a consideration of ₹ 2.40 lacs from the Assignee has assigned the following trademarks to the Assignee which were registered in its name or in the name of Sigachi Plasticisers Private Limited, which is now amalgamated with our Company. The supplemental deed of assignment provides our Company with the unrestricted, non-exclusive, non-transferable, non-sub licensable non royalty bearing right to use the trademarks mentioned below for manufacturing, selling, trading, exporting or carrying on any other allied activity in the ordinary course of business with respect to the goods manufactured by our Company. The right to use of such trademarks is valid for a period of five (05) years until March 31, 2020.

| Sr. No. | Description | Class | Registration Number | Valid up to       |
|---------|-------------|-------|---------------------|-------------------|
| 1.      | PURETALC    | 05    | 3190008             | February 19, 2026 |
| 2.      | STARGEL     | 05    | 3190009             | February 19, 2026 |
| 3.      | FILLERLAC   | 05    | 3190010             | February 19, 2026 |
| 4.      | AceFibre    | 01    | 3443423             | December 28, 2026 |
| 5.      | AceFibre    | 05    | 3443424             | December 28, 2026 |

| Sr. No. | Description | Class | Registration Number | Valid up to       |
|---------|-------------|-------|---------------------|-------------------|
| 6.      | AceFibre    | 31    | 3443425             | December 28, 2026 |
| 7.      | AceFibre    | 32    | 3443426             | December 28, 2026 |
| 8.      | BARETab     | 05    | 3786051             | March 23, 2028    |
| 9.      | FILTERCEL   | 01    | 1831491             | June 22, 2029     |
| 10.     | GLOCEL      | 05    | 1831490             | June 22, 2029     |
| 11.     | CoatCel     | 01    | 2118690             | March 21, 2021    |
| 12.     | CoatCel     | 05    | 2118691             | March 21, 2021    |
| 13.     | AceCel      | 05    | 2118693             | March 21, 2021    |
| 14.     | SIGACHI     | 35    | 1831495             | June 22, 2029     |
| 15.     | SIGACHI     | 01    | 1831494             | June 22, 2029     |
| 16.     | SIGACHI     | 04    | 1831493             | June 22, 2029     |
| 17.     | SIGACHI     | 05    | 1831492             | June 22, 2029     |

The following trademark applications which have been opposed have also been assigned to the Assignee:

| Sr. No. | Particulars of the mark | Trademark No. | Class | Date of Application |
|---------|-------------------------|---------------|-------|---------------------|
| 1.      | HILOSE                  | 3000741       | 05    | July 06, 2015       |
| 2.      | CosmoCel                | 2889308       | 03    | January 27, 2015    |
| 3.      | HiCel                   | 2118692       | 05    | March 21, 2011      |

**b) Patent:**

Our Company has applied for registration of the following patent:

| Sr. No. | Description   | Application Number | Date of filing   |
|---------|---|--------------------|------------------|
| 1.      | Application made to register the patent titled as "BARETabPH" which relates to the composition of a ready to use premix having innovative multifunctionality which can be used in the continuous manufacturing of direct compressible tablet for pharmaceutical applications. | 201841039157       | October 16, 2018 |

## COMPETITION

Our industry faces competition from organized as well as unorganized players in the domestic market as well as in the international market. We have a number of competitors who manufacture products, which are similar to us. Even with a diversified product portfolio, quality approach, innovative R&D facility and modern technology we may have to face competitive pressures.

We believe the principal elements of competition in our industry are price, quality, timely delivery and reliability. We compete against our competitors by establishing ourselves as a knowledge-based innovative unit with industry expertise in manufacturing cellulose based excipients in 50 grades with varied applications, which enables us to provide our clients with innovative products suitable to their needs and market requirements.

## LAND AND PROPERTY

We carry out our business operations from the following properties:

**i) Freehold Property**

| Sr. No. | Particulars of the Property  | Usage  |
|---------|--|--|
| 1.      | Survey No. Part of 241 and 242 in Plot No. 20, Phase- I, IDA, Pashamylaram, Medak, Sangareddy, Hyderabad – 502 001, Telangana, India.  |  |
| 2.      | 80% of undivided share of the Industrial Shed constructed on Plot No.21, in Survey No.339, land admeasuring 4524.86 Sq. yards, which is equivalent of 3783.50 sq. mtrs., with a plinth area of 1800 sq.ft. with ACC shed, Situated in Phase-I, IDA, Pashamylaram | Manufacturing Unit- I situated at Hyderabad, Telangana |

| Sr. No. | Particulars of the Property   | Usage |
|---------|---|-------|
|         | Village, Patancheru Mandai, Medak District, A.P. Registration Sub-District Sangareddy, Hyderabad – 502 001, Telangana, India.   |       |
| 3.      | 20% of the undivided share of interest in land and building admeasuring about 904.98 Sq. yds (out of 4,524.86 Sq.Yds) with a built-up area of 360 Sq. ft. (out of 1800 sq. ft.) bearing Plot No. 21, situated in and forming part of Sy. No. 339, Phase-I, Industrial Development Area, Pashamylaram Village, Patancheru Mandai, SangaReddy, Hyderabad – 502 001, Telangana, India. |       |

**ii) Leasehold Property**

| Sr. no. | Details of the Deed/Agreement   | Particulars of the property, description and area   | Consideration/ License Fee/Rent   | Tenure/ Term                                | Usage                    |
|---------|---|---|---|---|--------------------------|
| 1.      | Lease Deed executed on May 05, 2009 between GIDC (Lessor) and Sigachi Plasticisers Private Limited (Lessee)*                            | Plot No. 763/2 in Jhagadia Industrial Estate Area consisting of Revenue Survey no. 97 Paiki within the village limits of Dadheda, Taluka: Jhagadia, District: Bharuch.    | Allotment price of the plot: ₹30,11,154<br><br>Rent of ₹ 07 per annum   | A period of 99 years from March 26, 2008    | Manufacturing Unit - II  |
| 2.      | Sub-Lease Deed executed on December 11, 2011 between Dahej SEZ Limited (Sub-Lessor) and Sigachi Cellulose Private Limited (Sub-Lessee)* | Plot No. Z/16 in Dahej SEZ, consisting of Revenue Survey Nos, 353/P, 354P within the village limits of Suva, Taluka-Vargra, District-Bharuch.                             | Allotment Price of the Plot: ₹97,01,378<br><br>Rent of ₹ 01 per square meter per month  | A period of 30 years from January 20, 2009  | Manufacturing Unit - III |
| 3.      | Rental Agreement executed on September 22, 2019 between M/s. Harihara Infrastructure (“Landlord”) and our Company                       | Plot No. 15/3, Block A, Survey No. 339, Pashammailaram, Sanga Reddy District, Telangana, India.   | ₹ 77,000/- per month  | A period of 12 months from October 01, 2019 | Storing raw materials    |
| 4.      | Lease Deed executed on May 31, 2019 between Dr. Aruna Sree Bammidi (the “Lessor”) and our Company (the “Lessee”)                        | House No. 1-57/5/101, Municipal no. 229/1 and 90 with built up area of 4000 sq ft at 1st floor, Kalyan Tulasiram Chambers, Madinaguda, Hyderabad-500049, Telangana State. | 1st year i.e. from June 1, 2019 to May 31, 2020- ₹ 1,20,000/- per month<br><br>2nd year i.e. from June 1, 2020 to May 31, 2021- ₹ 1,32,000/- per month<br><br>3rd year i.e. from June 1, 2021 to May 31, 2022- ₹ 1,32,000/- per month<br><br>4th year i.e. from June 1, 2022 to May 31, 2023 ₹ 1,51,800/- per month<br><br>5th year i.e. from June 1, 2023 to May 31, 2024 ₹ 1,51,800/- per month | A period of 5 years from June 1, 2019       | Registered Office        |
| 5.      | Lease Deed executed on August 31, 2017  | No. 229/1 & 90, 3 <sup>rd</sup> floor, Kalyan’s Tulasiram   | 1st year i.e. from September 1,   | A period of 5 years,                        | Registered Office        |

| Sr. no. | Details of the Deed/Agreement   | Particulars of the property, description and area  | Consideration/ License Fee/Rent  | Tenure/ Term   | Usage                      |
|---------|---|--|--|--|----------------------------|
|         | between Uppalapati Amarendra (the "Lessor") and our Company   | chambers, Madinaguda, 500 049, Hyderabad Telangana.  | 2017 to August 31, 2018- ₹ 49020/- per month<br><br>2nd year i.e. from September 1, 2018 to August 31, 2019- ₹ 55883/- per month<br><br>3rd year i.e. from September 1, 2019 to August 31, 2020- ₹ 55883/- per month<br><br>4th year i.e. from September 1, 2020 to August 31, 2021 ₹ 62030/- per month<br><br>5th year i.e. from September 1, 2021 to August 31, 2022 ₹ 62030/- per month                                   | commencing from September 01, 2017                   |                            |
| 6.      | Lease Deed executed on December 31, 2016, between Pudi Venkata Raja Sekhara Rao (the "Lessor") and our Company (the "Lessee") | No. 229/1 & 90, 3 <sup>rd</sup> floor, Kalyan's Tulasiram Chambers, Madinaguda, 500 049, Hyderabad Telangana   | 1st year i.e. from February 1, 2017 to January 31, 2018- ₹ 55000/- per month<br><br>2nd year i.e. from February 1, 2018 to January 31, 2019- ₹ 61600/- per month<br><br>3rd year i.e. from February 1, 2019 to January 31, 2020- ₹ 61600/- per month<br><br>4th year i.e. from February 1, 2020 to January 31, 2021- ₹ 73920/- per month<br><br>5th year i.e. from February 1, 2021 to January 31, 2022- ₹ 73920/- per month | A period of 5 years commencing from February 1, 2017 | Registered Office          |
| 7.      | House Lease Deed executed on July 01, 2019 between Amit Raj Sinha (the "Lessor") and our Company (the "Lessee")               | A-11 (Duplex), Malhar Green City Bunglows, Block No. 125/3/1, Shravan Chokadi, Dahej Bypass Road, Nr. Narayan Shrushti, Opp GAIL Town Ship, Nandever, Bharuch-392001, Gujarat State. | ₹ 59,072/- per month   | A period of 5 years commencing from July 01, 2019    | Guest house of our Company |

| Sr. no. | Details of the Deed/Agreement  | Particulars of the property, description and area  | Consideration/ License Fee/Rent | Tenure/ Term  | Usage                                     |
|---------|--|--|---------------------------------|---|---|
| 8.      | Rental Agreement executed on September 22, 2019 with effect from October 01, 2019 between Harihara Infrastructure (“ <b>Landlord</b> ”) and our Company (“ <b>Tenant</b> ”). | Industrial shed area of 7225 square ft. at plot number 15/3, block ‘A’, survey number 339, Pashammailaram, Sanga Reddy district, Hyderabad – 502 001, Telangana, India | ₹ 77,000/- per month            | A period of 12 months commencing from October 01, 2019 which can be mutually extended with the written consent of both parties. | Godown for storage of raw materials       |
| 9.      | House Lease Deed executed on April 01, 2017 between Swati Sinha (the “ <b>Lessor</b> ”) and our Company (the “ <b>Lessee</b> ”)  | Flat number 501, SM Royale, Chandanagar, Hyderabad – 500 050, Telangana, India.  | ₹ 55,000/- per month            | A period of 5 years commencing from April 01, 2017  | Guest house of our Company                |
| 10.     | Warehouse lease agreement executed on August 18, 2020 between M/s. Harish Engineering (the “ <b>Lessor</b> ”) and our Company (the “ <b>Lessee</b> ”)                        | Plot Number A1-1015, Harish Engineering, GIDC, Ankleshwar, Bharuch -393 002, Gujarat, India.   | ₹ 60,538/- per month            | A period of 5 years commencing from August 18, 2020   | Warehouse                                 |
| 11.     | Lease agreement executed on July 28, 2020 between RPS Projects and Developers Private Limited (the “ <b>Lessor</b> ”) and our Company (the “ <b>Lessee</b> ”)                | Plot Number G. 57/2, I/P, Sultanpur, Ameenpur (M), Sangareddy District, Telangana – 502 032, Hyderabad, India.   | ₹ 9,35,100 lakhs per month      | A period of 10 years commencing from September 01, 2021   | Proposed corporate office of our Company. |

*\*Pursuant to a scheme of amalgamation between Sigachi Cellulos Private Limited, Sigachi Plasticisers Private Limited and our Company which was sanctioned by the Hon’ble High Court of Judicature at Hyderabad vide its order dated July 07, 2014, the leasehold properties of the aforementioned companies were transferred in the name of our Company.*

## KEY INDUSTRIAL REGULATIONS AND POLICIES

*The following description is an overview of certain sector-specific relevant laws and regulations in India which are applicable to the operations of our Company and our Subsidiary and their business. The description of laws and regulations set out below is not exhaustive and is only intended to provide general information to Bidders. The information in this section is neither designed nor intended to be a substitute for professional legal advice and investors are advised to seek independent professional legal advice.*

*The statements below are obtained from publications available in the public domain based on the current provisions of applicable Indian law, and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by legislative, regulatory, administrative, quasi-judicial or judicial decisions/actions and our Company or the BRLM are under no obligation to update the same.*

### **A. Industry Related Laws and Regulations**

- **Laws relating to the Pharmaceutical Sector**

#### ***The Drugs and Cosmetics Act, 1940 (the “DCA”) and the Drugs and Cosmetics Rules, 1945 (the “Rules”)***

The Drugs and Cosmetics Act, 1940 governs the import, manufacture, distribution and sale of drugs in India and deals with aspects of labeling, packing, testing and licensing. The term ‘drugs’ has been given a wide import under this legislation and includes not only the active pharmaceutical ingredient (API) component of medicines but also substances that are intended for use as components of a drug, such as empty gelatin capsules. The Central and the State Governments have been given the power to appoint inspectors under the Act, who must carry out and perform the functions as prescribed including but not limited to search and seizure, examination of records, registers and documents. Penalties have been provided for the manufacture for sale or distribution, stocking and exhibition of drugs in contravention of the Act and for the non-disclosures of names of the manufacturers, as may be prescribed. The Rules framed under this Legislation provide that for the purpose of importing drugs, an import license and registration certificate is required from the Licensing Authority. Even the manufacture for sale or distribution of drugs, requires the grant/renewal of a license by the Central License Approving Authority. Persons have been prohibited from the manufacture, distribution and sale of drugs which are not of the standard prescribed under the Act, or are misbranded, adulterated or spurious.

#### ***The Essential Commodities Act, 1955 (the “ECA” or the “Act”)***

The Central Government has been given the power to regulate and control the production, supply and distribution, of essential commodities as specified in the Schedule to the Act. Such essential commodities have been defined to include drugs as defined under the DCA. Section 3 of the ECA confers wide powers on the Central Government including the power to mandate that licenses and permits be issued for the production and manufacture of certain commodities and the power to control the price at which essential commodities may be bought and sold. The State Government has been brought under the ambit of the Act and its authorities and officers may be directed to exercise the powers and carry out the duties as mandated under the Act, for the regulation of essential commodities. The Act also prescribes penal consequences for violations of the provisions mentioned therein.

- **Laws relating to the food sector**

#### ***The Food Safety and Standards Act, 2006 (“FSSA” or the “Act”)***

The FSSA is a comprehensive legislation that has empowered the Central Government to establish a body known as the Food Safety and Standards Authority of India to exercise the powers conferred on and perform the functions assigned to it, under the Act. Its duty involves, the regulation and monitoring of the manufacturing, processing, distribution, sale and import of food so as to ensure its safety. Such authority may by regulations specify the standards and guidelines in relation to articles of food and the limits of use of food additives, processing aids, antibiotics and pharmacological active substances, etc. The Act prohibits addition of food additives or processing aids to the food articles, which are not in accordance with the regulations made thereunder. As per the Act, the substances and materials that are not consumed as a food ingredient by themselves but are used in the processing of raw materials, food and its ingredients must also conform to the standards laid down under this Act.

### ***The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 (the “Regulation”)***

These Regulation lists various additives, which are recognised as suitable to be added in foods and have been assigned the label of ‘Acceptable Daily Intake’ or on the basis of other criteria mentioned in the Regulation, have been considered as safe for intake. The use of additives is required to be made in accordance with the principles of Good Manufacturing Practice (“GMP”) which includes limiting the quantity of the food additive to a level which is necessary to accomplish the desired effect whilst ensuring that the additive is of appropriate food grade quality and handled in the same way as the food ingredient. The Regulations provides for specifications regarding the use of various anti-caking agents, bulking agents, emulsifying agents and stabilizing agents, among other substances.

- ***Other Laws***

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

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

### ***Factories Act, 1948***

The Factories Act, 1948 (the “**Factories Act**”) regulates the provisions relating to labour employed in factories. This Act defines a factory as any premises on which ten or more workers are employed or were employed on any day of the previous twelve (12) months, and on which a manufacturing process is being carried on with the aid of power, or a premises on which twenty or more workers are employed or were employed on any day of the previous twelve (12) months and on which a manufacturing process is carried on ordinarily without the use of power. The Factories Act provides for the health, safety, and welfare of all workers and requires that the ‘Occupier’ (defined as the person who has ultimate control over the affairs of the factory and in case of a company, any one of the directors) ensures that all the workers are within safe working conditions while they are in the factory, and are not exposed to any health risks and that they receive adequate instruction, training and supervision to ensure the same. The Factories Act also makes provisions relating to the employment of women and young persons (including children and adolescents), annual leave with wages, etc.

The Factories Act requires an Occupier of a factory to obtain approval, license, and registration for running and qualifying as a factory under the Factories Act, by submitting the application along with plans and specifications to the State Government or the Chief Inspector. Unless this permission from the Chief Inspector is obtained, no building can be constructed or taken in use as a factory or a part of an existing factory. The Chief Inspector may, on receipt of the said application and on being satisfied that there is no objection to the grant of license applied for, register the factory and grant the license to the applicant to use as factory such premises as are specified in the application and subject to compliance with such conditions as are specified in the license.

Any contravention of the provisions of the Factories Act or the rules framed thereunder may lead to imprisonment of the manager or the Occupier of the factory for a term up to two (2) years or with a fine of ₹ 100,000 or both, and in case of continuing contravention even after conviction, with a fine of up to ₹ 1,000 per day of contravention. In case of a contravention which results in an accident causing death or serious bodily injury, the fine shall be not less than ₹ 25,000 and ₹ 5,000 respectively.

### ***Industries (Development and Regulation) Act, 1951***

The Industries (Development and Regulation) Act, 1951 (the “**Act**”) governs the development and regulation of industries in India, and its main objective is to empower the Government to: (i) take necessary steps for the development of industries; (ii) regulate the pattern and direction of industrial development; and (iii) control the

activities, performance and results of industrial undertakings in public interest. The Act is applicable to the ‘*Scheduled Industries*’ which have been listed down in the first schedule of the Act and small-scale industrial undertakings and ancillary units are exempted from the provisions of the Act.

The Act regulated the industries by requiring them to obtain industrial licensing by filing an Industrial Entrepreneur Memoranda with the Secretariat of Industrial Assistance, Department of Industrial Policy and Promotion. This Act is administered by the Ministry of Industries and Commerce through its Department of Industrial Policy & Promotion. This department is responsible for the formulation and implementation of promotional and developmental measures for growth of the industrial sector and also monitors the industrial growth and production, in general, and selected industrial sectors.

### ***Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 (“**Act**”), received the assent of the President of India on January 13, 2010. The Act governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weights, measures or numbers. It also states that any transaction/contract relating to goods/class of goods shall be as per the weights/measurements/numbers prescribed under the Act. Every unit of weight or measure shall be in accordance with the metric system based on the international system of units. Using or keeping any weight or measure otherwise than in accordance with the provisions of the said Act is an offence, as is considered as tampering or altering any reference standard, secondary standard or working standard. Moreover, the Act prohibits any person from quoting any price, issuing any price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of this Act. The administration of the Act and regulation of pre-packaging of commodities is done with the help of Legal Metrology (Packaged Commodities) Rules, 2011, (the “**Rules**”) which require every manufacturer, packer and importer who pre-packs or imports any commodity for sale, distribution or delivery to get himself registered under these Rules. Additionally, the Rules also bar anyone from pre-packing or causing or permitting pre-packaging any commodity for sale, distribution or delivery unless a declaration in respect to such pre-packaging has been made on the package in accordance with these Rules.

### ***Standards of Weights and Measures Act, 1976***

The Standards of Weights and Measures Act, 1976 (the “**Act**”) was enacted to regulate trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and to provide for such matters as may be connected thereto. The Act enumerates the specific base units to measure goods and products. Any offence under this Act is punishable with imprisonment or fine or with both based on the type of violation.

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

The Consumer Protection Act, 2019 (“**COPRA**”) will repeal the existing Consumer Protection Act, 1986, and shall come into force on such date as the Central Government may, by notification, appoint. The Consumer Protection Act, 1986 provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The COPRA will, inter alia, introduce a Central Consumer Protection Council to promote, protect and enforce the rights of consumers executive agency to provide relief to a class of consumers. The COPRA will bring e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The COPRA will also provide for mediation cells for early settlement of the disputes between the parties.

### ***Information Technology Act, 2000***

The Information Technology Act, 2000 (the “**IT Act**”) creates a liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing with, or handling any sensitive personal data or information in a computer resource owned, controlled or operated by it but affords protection to intermediaries with respect to third party information liability. The IT Act also provides for civil and criminal liability



including compensation, fines, and imprisonment for various computer related offences. These include offences relating to unauthorised disclosure of confidential information and committing of fraudulent acts through computers, tampering with source code, unauthorised access, publication or transmission of obscene material etc. The IT Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things. In April 2011, the Department of Information Technology under the Ministry of Communications and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011 under Section 43A of the IT Act and the Information Technology (Intermediaries Guidelines) Rules, 2011 under Section 79(2) of the IT Act.

### ***Electricity Act, 2003***

The Electricity Act, 2003 (the “***Electricity Act***”) was enacted to regulate the generation, transmission, distribution, trading and use of electricity by authorising a person to carry on the above acts either by availing a license or by seeking an exemption under the Electricity Act. Additionally, the Electricity Act states no person other than Central Transmission Utility or State Transmission Utility, or a licensee shall transmit or use electricity at a rate exceeding 250 watts and 100 volts in any street or place which is a factory within the meaning of the Factories Act, 1948 or a mine within the meaning of the Mines Act, 1952 or any place in which 100 or more persons are ordinarily likely to be assembled. An exception to the said rule is given by stating that the applicant shall apply by giving not less than 7 days’ notice in writing of his intention to the Electrical Inspector and to the District Magistrate or the Commissioner of Police, as the case may be, containing the particulars of electrical installation and plant, if any, the nature and purpose of supply of such electricity. The Electricity Act also lays down the requirement of mandatory use of meters to regulate the use of electricity and authorises the Commission so formed under the Electricity Act, to determine the tariff for such usage. The Electricity Act also authorises the State Government to grant subsidy to the consumers or class of consumers it deems fit from paying the standard tariff required to be paid. The Electricity Act also states the mechanism for seeking judicial relief by setting up an Appellate Tribunal and laying down the process to seek justice against the orders of the Commission established under the Electricity Act.

### ***Indian Boilers Act, 1923***

The Indian Boilers Act, 1923 (the “***Act***”) consolidates and amends the law relating to steam boilers. This Act was enacted with the objective of providing for the safety of life and property of persons from the dangers of steam boilers and for achieving uniformity in registration and inspection during the operation and maintenance of boilers in India. The owners of boilers which are not exempted from this Act are required to register their boilers by applying to the Inspector with prescribed documents, following which the Inspector shall fix a date within 30 days of receipt and shall inspect the boiler and documents. If the Inspector is satisfied that the boiler has not suffered any damage during its transit from the place of manufacture to the site of erection, and with the documents, he may register the boiler and assign a register number thereto and also issue a certificate to the owner authorising the use of the boiler for a period not exceeding 12 months at a pressure he thinks is fit and in accordance with the regulations made under this Act. The certificate may be renewed upon expiry or if there has been an accident with the boiler. Any contravention to the provisions of this Act shall be punishable with imprisonment, which may extend to two (2) years or with fine which may extend to ₹ 01 lacs or with both.

### ***Shops and Establishments Legislations***

Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states where such establishments are set up. Such legislations regulate the working and employment conditions of workers employed in such 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. Shops and establishments have to be registered under the shops and establishments legislations of the respective states where they are located.

### ***Municipality Laws***

Pursuant to the Constitution (Seventy-Fourth Amendment) Act, 1992, the respective state legislatures in India have power to endow the municipalities with power to implement schemes and perform functions in relation to

matters listed in the Twelfth Schedule to the Constitution of India. The respective States of India have enacted laws empowering the municipalities to issue trade license for operating stores and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

### ***Transfer of Property Act, 1882***

The Transfer of Property Act, 1882 (the “**T.P. Act**”) governs the transfer of property, including immovable property, between natural persons excluding a transfer by operation of law. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The T.P. Act also provides for the rights and liabilities of the vendor and purchaser in case of a transaction relating to sale of property and the lessor and lessee if the transaction involves lease of land, as the case may be.

### ***Sale of Goods Act, 1930***

The Sale of Goods Act, 1930 (the “**Sale of Goods Act**”) governs contracts relating to the sale of goods. The contracts for sale of goods are subject to the general principles of the law relating to contracts. A contract for sale may be an absolute one or based on certain conditions. The Sale of Goods Act contains provisions in relation to the essential aspects of such contracts, including the transfer of ownership of goods, delivery of goods, rights and duties of the buyer and seller, remedies for breach of contract and the conditions and warranties implied under a contract for the sale of goods.

### ***The Registration Act, 1908***

The Registration Act, 1908 (the “**Act**”) was passed to consolidate all the previous legislations which were enacted in relation to the registration of documents. This Act was promulgated to achieve the purpose of maintaining a proper regulatory record of transactional documents with a recognized officer in order to safeguard the original copies. The Act lays down two types of registration of documents, one being mandatory registration, which has been laid down under Section 17 of the Act and relates to documents such as, *inter alia* gift deed or transfer deed for an immovable property, non-testamentary instruments purporting to an interest in any immovable property, leasing or renting an immovable property. The other type of registration has been laid down under Section 18 of the Act which provides for the category of documents, registration of which is optional or discretionary and include, wills, instrument for transfer of shares, adoption deeds, etc. Failure to register a document under Section 17 of the Act can attract severe consequences, including declaration of invalidity of the transfer in question; however, no such consequence is attracted in case of Section 18 of the Act. Sections 28 and 31 of the Act provide the sub-registrars and other officers, the authority to register documents under this Act. Registration of a document, provides authenticity to a document and also acts as a conclusive proof in relation to the execution of such a document in the court of law.

### ***Indian Stamp Act, 1899***

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the Union list mentioned in the Seventh Schedule of the Constitution of India, is governed by the provisions of the Indian Stamp Act, 1899 (the “**Act**”), all others instruments are required to be stamped, as per the rates laid down by the State Governments. Stamp duty is required to be paid on such category of transaction documents laid down under the various laws of the states, which denotes that stamp duty was paid before the document became legally binding. The stamp duty has to be paid on such documents or instruments and at such rates which have been specified in the First Schedule of the Act. Instruments as mentioned in the said schedule of the Act, if are not duly stamped are not admissible in the court of law as valid evidence for the transaction contained therein. The Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the relevant authorities and validated by imposing of penalty on the parties. The amount of penalty payable on such instruments may vary from state to state.

## **B. Tax Related Laws**

### ***Finance Act, 2020***

The Finance Act, 2020 received the assent of the President on March 27, 2020 and came into force on April 01, 2020 to give effect to the financial proposals of the Central Government for the financial year 2020-21. This Act contains necessary amendments in direct and indirect taxes signifying the policy decisions of the Union Government for the year 2020-21.

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

The Income Tax Act, 1961 is applicable to every domestic and foreign company whose income is taxable under the Provisions of this Act or Rules made under it depending upon its “Residential Status” and “Type of income” involved. Under Section 139(1), every company is required to file its Income Tax Return for every Previous Year by October 31 of the Assessment Year. Other compliances like those relating to tax deductions and exemptions, fringe benefit tax, advance tax and minimum alternative tax, etc., are also required to be complied with by every company.

### ***Goods and Service Tax (GST)***

Goods and Service Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It is governed by the GST Council and provides for the imposition of tax on the supply of goods or services and will be levied by the Centre on intra-State supply of goods or services and by the States including Union Territories. A destination-based consumption tax GST would be a dual GST with the Centre and State simultaneously levying tax with a common base. The GST law is enforced by various laws, namely the Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services 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.

These enactments replace the following indirect taxes and duties at the Central and State levels: Central Excise Duty, Duties of Excise, additional duties on excise – goods of special importance– special additional duty of customs, Service Tax, Central and State Surcharges and cesses relating to the supply of goods and services, State VAT, Central Sales Tax, Luxury Tax, Entry Tax, etc.

### ***The Telangana Goods and Services Act, 2017***

The Telangana Goods and Services Act, 2017 contains provisions for the levy and collection of tax on intra-state supply of goods or services or both. It lays down eligibility and conditions for taking input tax credit, provisions relating to audit, inspection, search, seizure, arrest, demands and recovery and also prescribes penalties for offences under the Act.

### ***Gujarat Goods and Services Tax Act, 2017***

The Gujarat Goods and Services Tax Act, 2017 makes provisions for the levy and collection of intra-state supply of goods or services or both within the State of Gujarat and the matters connected therewith or incidental thereto. The Act details the scope of supply, the levy and collection of tax, exemptions from tax, registration, returns, and other such related or incidental matters.

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

The Customs Act came into force in India with effect from February 01, 1963. The Customs Act deals with the levy of customs duty, the power of the central government to prohibit import and export of certain goods and prevention and detection of illegally imported goods. Section 8 of the Customs Act empowers the Commissioner of Customs to approve proper places in any customs port or customs airport or coastal port for the unloading and loading of goods or for any class of goods. The Commissioner of Customs is also empowered to specify limits of any customs area. Under the Customs Act, the Central Board of Excise and Customs (“CBEC”) is empowered to appoint, by notification, *inter alia*, ports or airports as customs ports or customs airports and places as the Inland Container Depot (“ICD”). Section 45 of the Customs Act lays down that all imported goods unloaded in a customs area shall remain in the custody of the person approved by the Commissioner of Customs until they are cleared for home consumption or warehouse or transshipped. The custodian is required to keep a record of such goods and send a copy of the record to the designated officer. The custodian shall not permit the goods to be removed unless approved by the designated authority. The Customs Act, further provides that if the goods are pilfered while in the custody of the custodian, then such custodian shall be liable to pay duty on such goods. The said Act contains provision for levying the custom duty on

imported goods, export goods, goods which are not cleared, goods warehoused or transshipped within 30 days after unloading etc. It also provides for storage of imported goods in warehouses pending clearance, for goods in transit etc., subject to prescribed conditions.

The Customs Act provides for levy of penalty and/or confiscation of, *inter alia*, prohibited or dutiable goods that are imported into or exported from an area that is not appointed as a customs port or customs airport or are imported or exported without payment of requisite duty. Additionally, any owner of motor vehicle is required to obtain written permission from the Commissioner of Customs for transshipment of imported goods by a motor vehicle, pursuant to the Goods Imported (Conditions of Transshipment) Regulations, 1995. By a notification dated March 17, 2009, the CBEC and Customs has notified the Handling of Cargo in Customs Area Regulations, 2009 which specify the eligibility requirements and responsibilities of persons who are receive, store, deliver or otherwise handle imported goods in the customs area.

### ***Gujarat State Tax on Professions, Trades, Callings and Employments Act, 1976***

Every person engaged in any profession, trade, callings and employment is liable to pay tax at the rate prescribed by the State Government of Gujarat. It is considered necessary to levy tax on profession, trade callings and employment in order to augment state revenues, and every state is empowered by the Constitution of India to make laws relating to the levy of taxes on professions, trades, callings and employments that shall serve as the governing provisions in that state.

### ***C. Foreign Investment related Laws and Regulations***

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) read with the applicable FEM Rules. FEMA replaced the erstwhile Foreign Exchange Regulation Act, 1973. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the government approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP (now DPIIT) makes policy pronouncements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEM Rules. In case of any conflict, the FEM Rules prevail. Therefore, the regulatory framework, over a period of time consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DIPP (now DPIIT) issued the FDI Policy which consolidates the policy framework on FDI issued by DIPP (now DPIIT), in force on August 28, 2017 and reflects the FDI policy as on August 28, 2017. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP (now DPIIT). As per the FDI Policy, FDI up to 100% is permitted in wholesale trading under automatic route and upto 51% is permitted in multi brand retail trading under the government route subject to certain conditions prescribed under FDI policy. As per the Press Note No. 3 of 2020 dated April 17, 2020 issued by the DIPP, has amended the FDI Policy to include restrictions on entities belonging to a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, where they can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

### ***The Foreign Exchange Management Act, 1999***

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999 (“**FEMA**”) and the rules, regulations and notifications thereunder, as issued by the Reserve Bank of India from time to time. 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, 2017 by Notification No. FEMA 20(R)/2017-RB dated November 7, 2017 (“**FEMA Regulations**”) to prohibit, restrict, or regulate transfer by or issue security to a person resident outside India. As laid down by the FEMA Regulations, no prior consents and approvals are required from the RBI for Foreign Direct Investment (“**FDI**”) 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 RBI. At present, the FDI Policy does not prescribe any cap on the foreign investments in the sector in which the Company operates. Therefore, foreign investment up to 100% is permitted in the Company under the automatic route.

### ***The Foreign Trade (Development and Regulation) Act, 1992 and the Rules framed thereunder***

The Foreign Trade (Regulation and Development) Act, 1992 (“**FTA**”), and the rules framed thereunder, is the main legislation concerning foreign trade in India. The FTA read along with Foreign Trade (Regulation) Rules, 1993 provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of FTA, the Government:- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a ‘Director General of Foreign Trade’ for the purpose of the Act, including formulation and implementation of the Export-Import Policy.

The FTA prohibits anybody from undertaking any import or export under an Importer-Exporter Code member (“**IEC**”) granted by the Director General of Foreign Trade pursuant to Section 7. Hence, every entity in India engaged in any activity involving import/export is required to obtain an IEC unless specifically exempted from doing so. The IEC shall be valid until it is cancelled by the issuing authority.

#### ***D. Environment Related Laws***

The National and State governments are jointly responsible for the sustainable management of the forest resource. Since our Company deals primarily in manufacturing activities relating to wood waste and Agro forestry, there are various environmental and forest specific laws that are required to be taken into consideration. By virtue of the 42nd amendment to the Constitution of India in 1976, the subject matter of ‘forest’ was brought from the state list to the concurrent list empowering the Central Government to legislate on this subject. In India, various state governments have enacted their own Forest Acts or made an amendment to the Indian Forest Act, 1927. Further, the Indian Forest Act, 1927 empowers the state government to enact rules to regulate various aspects of forest management such as prescribing procedure for issuance of transit pass, setting up of saw mills, saw pits etc. In a practical sense, the State forest departments act as the custodians of the public forest resource and as the forest authorities, managing the forest resources in the basis of the forest management plans that they submit to the central government.

Our manufacturing activities are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forest of Government of India, Saw Mill Rules, the State Forest Policy, State Pollution Control Board and Central Empowered Committee. These include laws and regulations about cutting of trees, discharge of effluents, polluted emissions, hazardous substances etc. On wood based industries, the Hon’ble Supreme Court of India has given specific directives from time to time and the same would be applicable to our Company as well. Laws relating to excise, customs, GST, factory and labour related matters etc. are applicable to our Company, as they are applicable to other manufacturing establishments. The applicable environmental laws are summarized below:

##### ***Indian Forest Act, 1927***

The Indian Forest Act, 1927 (“**Forest Act**”) is India’s guiding forestry legislation that seeks to consolidate and preserve areas with forest cover or significant wildlife, to regulate movement and transit of forest produce, and to levy duties on timber and other forest produce. It lays out the procedure by which a State government can declare an area a Reserved Forest, Protected Forest or a Village Forest. It also defines as to what is a forest offence, what are the acts prohibited inside a Reserved Forest, and what penalties occur on violation of the provisions of the Forest Act. The Forest Act gives the State Governments the power to formulate rules to regulate matters such as the cutting, sawing, conversion and removal of trees and timber, and the collection, manufacture and removal of forest-produce from protected forests; the granting of licenses to persons felling or removing trees or timber or other forest-produce from such forests for the purposes of trade, and production etc.

##### ***Forest (Conservation) Act, 1980 (the “Act”)***

The Act was promulgated to provide for the conservation of forests and for matters connected therewith or ancillary or incidental thereto. The Act prevents state governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the Government without the approval of the GoI. The Ministry of Environment and Forests (“**MoEF**”) mandates that Environment Impact Assessment (“**EIA**”) must be conducted for projects. In the process, the Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The EIA Notification S.O. 1533, issued on September 14, 2006 (“**EIA Notification**”) under the provisions of the Environment Act, prescribes that new construction projects require prior environmental clearance from the MoEF. The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained. Under the EIA Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft ‘EIA Report’ and the ‘Environment Management Plan.’ The final EIA Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to give its decision within 105 days of the receipt of the final EIA Report.

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

The Air (Prevention and Control of Pollution) Act, 1981 ( the “**Act**”) aims to prevent, control and abate air pollution and pursuant to the provisions of this Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to the consent granted. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board. The penalties for the failure to comply with the above requirements include imprisonment of up to six years and the payment of fine extending up to ₹ 10,000.

Under the said Act, the Central Pollution Control Board has powers, inter alia, to specify standards for the quality of air, while the State Board has the power to inspect any control equipment, industrial plant or manufacturing process, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry and to obtain information from any industry.

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

The Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the said Act include the imposition of fines or imprisonment, or both.

The Central Pollution Control Board has the powers, inter alia, to specify and modify standards for stream and wells. The State Pollution Control Board has powers, inter alia, to inspect any sewage or trade effluents, and to review plans, specifications or other data relating to plants set up for treatment of water. The State Board also has the power to evolve efficient methods of disposal of sewage and trade effluents on land, to advise the State Government with respect to the suitability of any premises or location for carrying on any industry likely to pollute a stream or well and to specify standards for treatment of sewage and trade effluents.

#### ***The Environment Protection Act, 1986***

The Environment Protection Act, 1986 (the “**Act**”) has been enacted for the protection and improvement of the environment (which includes water, air, land, human beings, other living creatures, plants, microorganisms, etc.) and for matters connected therewith. The Act empowers the Central Government to take measures to protect and improve the environment such as by laying down standards of emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate, prohibitions and restrictions regarding the handling of hazardous substances and location of industries and so on. The Central Government is empowered by the Act to constitute authority or authorities for the purpose of exercising and performing such powers and functions, to appoint a person for inspection, for analysis of samples and for selection of notification of environmental laboratories.

#### ***Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008***

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (**“Hazardous Waste Rules”**) define the term ‘hazardous waste’ and any person who has control over the affairs of a factory or premises or any person in possession of the hazardous waste is classified as an ‘occupier’. In terms of the Hazardous Waste Rules, occupiers have been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous wastes generated in their establishments and are required to obtain license/authorisation from the respective State Pollution Control Board for generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or the life of the hazardous waste.

#### ***The Noise Pollution (Regulation and Control) Rules, 2000***

The Noise Pollution (Regulation and Control) Rules, 2000 (the “Rules”) aim to regulate and control noise producing and venerating sources with the objective of maintaining the ambient air quality standards in respect of noise. The Rules declare different areas or zones each permitting for different ambient air quality standards in respect of noise and the noise levels shall not exceed this limit, as prescribed by the Schedule. The Rules also prescribe methods to cut down on noise from various sources including industries, such as by mounting machinery, using insulating screens and suitable ducts, etc.

#### ***National Environment Policy (the “Policy”)***

The present national policies for environmental management are contained in the National Forest Policy, 2018, the National Conservation Strategy and Policy Statement on Environment and Development, 1992, the Policy Statement on Environment and Development, 1992; and the Policy Statement on Abatement of Pollution, 1992. Some sector policies such as the National Agriculture Policy, 2018; National Population Policy, 2000; and National Water Policy, 2012 have also contributed towards environmental management. All these policies have recognized the need for sustainable development in their specific contexts and formulated necessary strategies to give effect to such recognition. The Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. It does not displace, but builds on the earlier policies.

The Objectives of the Policy are as follows:

- 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

The Policy evolved from the recognition that only such development is sustainable, which respects ecological constraints and the imperatives of justice. The objectives stated above are to be realized through various strategic interventions by different public authorities at Central, State and Local government levels. They would also be the basis of diverse partnerships. The principles followed in the Policy are:

- Human beings are the center of sustainable development concerns
- Right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.
- In order to achieve sustainable development environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.
- Where there are credible threats of serious or irreversible damage to key environmental resources, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.
- In various public actions for environmental conservation, economic efficiency would be sought to be realized.

#### ***E. Intellectual Property Laws***

##### ***Information Technology Act, 2000***

The Information Technology Act, 2000 (the “**IT Act**”) creates a liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing with, or handling any sensitive personal data or information in a computer resource owned, controlled or operated by it but affords protection to intermediaries with respect to third party information liability. The IT Act also provides for civil and criminal liability including compensation, fines, and imprisonment for various computer related offences. These include offences relating to unauthorised disclosure of confidential information and committing of fraudulent acts through computers, tampering with source code, unauthorised access, publication or transmission of obscene material etc. The IT Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things. In April 2011, the Department of Information Technology under the Ministry of Communications and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011 under Section 43A of the IT Act and the Information Technology (Intermediaries Guidelines) Rules, 2011 under Section 79(2) of the IT Act.

### ***Indian Patents Act, 1970***

The purpose of the Indian Patents Act, 1970 (the “**Act**”) is to protect inventions. Patents provide the exclusive rights for the owner of a patent to make, use, exercise, distribute and sell a patented invention. The patent registration confers on the patentee the exclusive right to use, manufacture and sell his invention for the terms of the patent. An invention means a new product or process involving an inventive step capable of industrial application. An application for a patent can be made by (a) a person claiming to be the true and first inventor of the invention; (b) a person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application; and (c) legal representative of any deceased person who immediately before his death was entitled to make such an application.

### ***Trade Marks Act, 1999***

Indian trademark law permits the registration of trademarks for goods and services. The Trade Marks Act, 1999 (“**Trade Mark Act**”) governs the statutory protection of trademarks and for the prevention of the use of fraudulent marks in India. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. Once granted, trademark registration is valid for ten years, unless cancelled, and may be renewed indefinitely upon payment of renewal fees every ten years. If not renewed after ten years, the mark lapses and the registration has to be restored. The Trade Mark (Amendment) Act, 2010 has been enacted by the Government to amend the Trade Mark Act to enable Indian nationals as well as foreign nationals to secure simultaneous protection of trademark in other countries. It also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to align the law with international practice.

In March 2017, the Trade Marks Rules, 2017 (“**Trade Mark Rules**”) were notified, in supersession of the Trade Marks Rules, 2002. The Trade Marks Rules brought with them some changes in the application process, in terms of an increase in application fees and common formats for multiple kinds of applications. However, the e-filing process has been incentivized by providing lower application fees.

### ***F. Employment Related Laws***

- Contract Labour (Regulation and Abolition) Act, 1970
- Minimum Wages Act, 1948
- Payment of Wages Act, 1936
- Workmen’s/Employee’s Compensation Act, 1923
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952
- Employees’ State Insurance Act, 1948
- Industrial Employment (Standing Orders) Act, 1946
- Industrial Disputes Act, 1947 and Industrial Dispute (Central) Rules, 1957
- Payment of Bonus Act, 1965
- Payment of Gratuity Act, 1972
- Maternity Benefit Act, 1961



- The Equal Remuneration Act, 1976
- Public Liability Insurance Act, 1991
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979
- The Employers' Liability Act, 1938
- The Personal Injuries (Compensation Insurance) Act, 1963
- Apprentices Act, 1961
- Child Labour (Prohibition and Regulation) Act, 1986

***G. General Corporate and Other Allied 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 Instruments Act, 1881, Sale of Goods Act, 1930, Consumer Protection Act, 1986, Anti Trust law such as Competition Act, 2002 and corporate Acts namely Companies Act, 1956 and Companies Act, 2013 are also applicable to the Company.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated as ‘*Sigachi Chloro-Chemicals Private Limited*’ on January 11, 1989 as a private limited company under the Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh. With an intention to diversify our business activities, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated March 10, 2012, the name of our Company was changed to ‘*Sigachi Industries Private Limited*’ and a fresh certificate of incorporation dated March 29, 2012 consequent to such name change was issued to our Company by the Registrar of Companies, Andhra Pradesh. Subsequently, pursuant to a special resolution of our Shareholders passed in an extra-ordinary general meeting dated November 21, 2019 our Company was converted from a private limited company to a public limited company and consequently the name of our Company was changed to ‘*Sigachi Industries Limited*’, and a fresh certificate of incorporation dated December 09, 2019 was issued to our Company by the Registrar of Companies, Telangana at Hyderabad. The corporate identification number of our Company is U24110TG1989PLC009497.

### Change in registered office of our Company

The registered office of our Company was originally situated at 11-94, Shantinagar, Patancheru, Hyderabad – 502 319, Telangana, India. Thereafter, the registered office of our Company was changed to the following address:

| Date of Change   | New address  | Reason for Change       |
|------------------|--|-------------------------|
| January 01, 2008 | 229/1 and 90, Kalyan’s Tulsiram Chambers<br>Madinaguda, Rangareddi, Hyderabad- 500 049<br>Telangana, India | Operational convenience |
| March 26, 1991   | 411, Raghava Ratna Towers<br>Chirag Ali Lane, Hyderabad – 500 001<br>Telangana, India                      | Operational convenience |

### Main Objects of our Company

The main objects of our Company are as follows:

- To carry on the business of manufacture, process, produce, refine, convert, import, export, buy, sell, and deal in all kinds of organic and inorganic chemicals including chemicals like chlorinated paraffin wax, stable bleaching powder, hydrated lime, Benzene hexachloride, calcium chloride, potassium chloride, activated earth, mono chloro acetic Acid, cellulose base chemicals such as sodium CMC bleached cotton linter, drugs, medicines, pharmaceuticals, herbal, bacterio-logical, biological preparations, drug Intermediates, essences, alkalies, acids, gases, soaps, dyes, paints, oils, colours, chemical equipments.*
- To act as consultants, Technologists, collaborators, fabricators, engineers and contractors for setting up similar facilities, to act as representatives, distributors, agents and brokers for the sale or any particular territory or any firm or company of India or foreign and to appoint representatives, distributors, agents or brokers to the goods produced or purchased by the Company on such terms and conditions as the Company deems fit.*

### Amendments to the Memorandum of Association

The following amendments have been made to the Memorandum of Association of our Company in the last ten (10) years:

| Date of shareholder’s resolution | Nature of amendments   |
|----------------------------------|--|
| November 21, 2019                | <p><i>Our Company was converted from a private limited company into a public limited company and consequently the name of our Company was changed from “Sigachi Industries Private Limited” to “Sigachi Industries Limited” to reflect such change.</i></p> <p><i>The capital clause of our Memorandum of Association was substituted to reflect the increase in authorised share capital of our Company from ₹ 71,500,000 divided into 7,150,000 Equity Shares of ₹ 10 each to ₹ 20,000,000 divided into 2,000,000 Equity Shares of ₹ 10 each.</i></p> <p><i>Our Company altered its Memorandum of Association, in order to adhere to the provisions of the Companies Act, 2013.</i></p> <p><i>The registered office clause of our Memorandum of Association was substituted to give effect to the bifurcation and formation of the state of Telangana.</i></p> |

| <b>Date of shareholder's resolution</b> | <b>Nature of amendments</b>  |
|---|--|
| April 01, 2013                          | <i>The authorized share capitals of Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited were clubbed with the authorized share capital of our Company pursuant to the Scheme and vide an order dated July 07, 2014 passed by the High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh.</i> |
|   | <i>The capital clause of our Memorandum of Association was substituted to reflect the increase in authorised share capital of our Company from ₹ 13,000,000 divided into 1,300,000 Equity Shares of ₹ 10 each to ₹ 71,500,000 divided into 7,150,000 Equity Shares of ₹ 10 each.</i>   |
| March 30, 2013                          | <i>The capital clause of our Memorandum of Association was substituted to reflect the increase in authorised share capital of our Company from ₹ 10,000,000 consisting of 1,000,000 Equity Shares of ₹ 10 each to ₹ 13,000,000 divided into 1,300,000 Equity Shares of ₹ 10 each.</i>  |
| Februaury15, 2013                       | <i>The capital clause of our Memorandum of Association was amended to reflect the subdivision of the nominal value of our Equity Shares from ₹ 100 each to ₹ 10 each.</i>  |
|   | <i>Consequently, the issued, subscribed and fully paid up Equity Share capital of our Company comprising of 85,424 Equity Shares of face value of ₹ 100 each, aggregating to ₹ 8,542,400 was subdivided into 854,240 Equity Shares of the face value of ₹ 10 each aggregating to ₹ 8,542,400.</i>  |
| March 10, 2012                          | <i>The name clause of our Memorandum of Association was amended upon change in name of our Company from “Sigachi Chloro-Chemicals Private Limited” to “Sigachi Industries Private Limited”.</i>  |
|   | <i>A fresh certificate of incorporation pursuant to the change of name was granted by the RoC on March 29, 2012.</i>   |

### Corporate profile of our Company

Details regarding the description of our Company's activities, services, products, market, growth, technology, managerial competence, standing with reference to prominent competitors, major suppliers, distributors and customers, segment, capacity/facility creation, capacity built-up, location of manufacturing facilities, marketing and competition, please refer to the chapters titled “Our Business”, “Our Management” and “Management's Discussion and Analysis of Financial Position and Results of Operations” on pages 159, 202 and 284 respectively, of this Draft Red Herring Prospectus.

### Major Events and Milestones

The table below sets forth some of the key events, milestones in our history since its incorporation.

| <b>Year</b> | <b>Events</b>  |
|-------------|--|
| 1989        | Incorporation of our Company as a private company with the name ‘ <i>Sigachi Chloro-Chemicals Private Limited</i> ’ with the business to manufacture paraffin oil with the focus to cater to the needs of the niche segment of the customers with prime quality of our products. |
| 1990        | Since, our Company saw a growth in its business operation, it decided to diversify its business activities to manufacture microcrystalline cellulose, which was also the domain of one of our Directors.   |
| 1996        | Our Company began the in-house manufacture of alpha cellulose, a key raw material required for manufacturing our final product, microcrystalline cellulose.  |
| 1998        | Our Company commenced its export operations by exporting its product, microcrystalline cellulose to Bangkok.   |
| 2000        | Our Company started manufacturing premium grade microcrystalline cellulose by successfully commissioning a spray drier and a multi-fuel furnace, which in turn also increased our manufacturing capacity from 720 metric tonnes per annum to 1080 metric tonnes per annum.       |
| 2004        | The sale from our export operations constituted 32% of our total sales during the financial year.  |
| 2006        | Our Research and Developments laboratory received an accreditation from Department of Science and Industrial Research (“ <b>DSIR</b> ”) to undertake research and development.   |
| 2007        | Our Company for the first time registered its Drug Master File (“ <b>DMF</b> ”) under the US FDA enabling us to augment our export operations.   |
| 2008        | Setting up of a unit for manufacturing microcrystalline cellulose at Jhagadia, Gujarat.  |
| 2009        | Setting up of 100 % export oriented unit (“ <b>EOU</b> ”) for manufacturing microcrystalline cellulose in the special economic zone (“ <b>SEZ</b> ”) at Dahej, Gujarat.  |
| 2010        | Our Company commenced the commercial production of microcrystalline cellulose at our manufacturing unit situated at Jhagadia.  |

| Year | Events  |
|------|---|
| 2011 | The research and development division of our Company innovated a novel filtration process for manufacturing microcrystalline cellulose.   |
| 2012 | Our Company commenced the commercial production of microcrystalline cellulose at the manufacturing unit situated at Dahej.  |
| 2014 | Approval received for the scheme of arrangement executed for merger of Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited with our Company.<br>Our Company received a certificate of suitability received from European Directorate of Quality Medicines.  |
| 2016 | Our Company received a certificate of registration from TUV India Private Limited certifying that the management system applied by us in our manufacturing unit situated at Jhagadia is as per ISO 9001:2008.   |
| 2020 | Our Company received a certificate of registration from United Registrar of Systems for certifying that the quality management systems of all our manufacturing units are in compliance with ISO 9001:2015.<br>Our Company received a certificate of registration from TUV NORD CERT GmH applying management system as per Food Safety System Certification 2000 (Version 4.1) in our manufacturing unit situated at Hyderabad. |

### Awards and Accreditations

The table below sets forth some of the awards and accreditations received by our Company:

| Calendar Year | Awards and Accreditations   |
|---------------|---|
| 2019          | The Promoter, Managing Director and Chief Executive Officer of our Company, Amit Raj Sinha was awarded with the title of 'Business Leader of the Year (Pharmaceutical Industry)' by Business Television India.<br>WCO's Safe Framework of Standards, Indian Customs certified our Company in its Authorised Economic Operator Programme under CIBC circular number 33/2016 dated July 22, 2016.   |
| 2018          | Our Company was awarded with the title of 'Employer of the Year' by CHRO, Asia.<br>Our Company was awarded with the titled of 'Company of the Year' by Zee Business at Dare to Dream Awards.  |
| 2015          | Our Company was honored with 'DHL SME ZEE Business Award 2013'.   |
| 2014          | Our Company was awarded the title of 'India's Small Giants Emerging Enterprises of India – Roll of Honor for 2014' by Life Insurance Corporation of India.<br>Our Company was honored with the 'Top SME 100 Award 2014' by Bank of India.   |
| 2013          | Our Company was awarded the title of 'SME Achievers of 2013' by Bank of India.  |
| 2011          | Our Company was awarded with the 'National Award for Outstanding Entrepreneurship' by the Government of India.<br>The in-house research and development division of our Company was recognized and approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India vide letter dated July 20, 2011.<br>Our Company was awarded the first prize at the Innovation Award Ceremony for MSME 2011. The award consisted of a cash award of ₹ 02 lacs along with a 'certificate of excellence in innovation'. |
| 2010          | Our Company was awarded with the 'National Award for Outstanding Entrepreneurship' by the Government of India   |
| 1998          | Our Company was awarded with the 'Best Entrepreneur Award' by the Government of Andhra Pradesh.   |
| 1993          | Our Company was awarded with the 'Best Entrepreneur Award' by the President of India.<br>Our Company was awarded with the 'National Award' by the Development Commissioner (MSME), Government of India.   |

### Time and Cost Overrun

Our Company has not experienced any significant time and cost overrun in setting up projects.

### Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings from financial institutions or banks or conversion of loans into equity in relation to our Company.

### Details regarding material acquisition or disinvestments of business / undertakings, mergers, amalgamation

Except as mentioned below, our Company has not made any business acquisition, merger and amalgamation or disinvestment of business in the last ten years:

***Scheme of Arrangement between Sigachi Cellulos Private Limited (“Transferor Company 1”), Sigachi Plasticisers Private Limited (“Transferor Company 2”) (collectively, the “Transferor Companies”) and our Company and their respective shareholders and creditors (hereinafter referred to as the “Scheme”).***

With effect from April 01, 2013 (the “**Appointed Date**”), the Transferor Companies 1 and 2 were amalgamated with our Company, by an order dated July 07, 2014 passed by the High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh. The rationale of the Scheme was to integrate the business synergies and reap the benefits of the consolidation of the business of the Transferor Companies into our Company. The analogous nature of the business of our Company and the Transferor Companies would facilitate optimum utilization of the available resources, broadening of the customer base of our Company, thereby improving our productivity and enabling a focused business approach for optimization. A mix of the financial, managerial and technical resources of the companies along with the combined expertise and capabilities of the personnel would warrant for an increased competitive strength, cost reduction, logistics advantage and optimum productivity. The salient features of the Scheme are set forth below:

- a) The Transferor Companies 1 and 2, in their entirety, were transferred to and vested in our Company as a going concern.
- b) All assets, properties, rights, licenses, sanctions, consents, authorization, approvals and permissions (statutory or otherwise), liabilities, debts receivables, etc. of the Transferor Companies stood transferred to our Company from the Appointed Date.
- c) As of the Appointed Date, all the permanent employees of the Transferor Companies were to be considered as the employees of our Company in such position, rank and designation as may be determined by us. They were also be liable to receive the benefit of continuity of service and such that the terms and conditions of their employment which should have been not be less favorable than those which were applicable to them during their employment with the Transferor Companies.
- d) As consideration for the amalgamation of the Transferor Companies with our Company, pursuant to the Scheme, members of the Transferor Companies whose names appeared on the register of members of such companies, on September 10, 2013 were allotted:
  - 25 (Twenty Five) Equity Shares of ₹ 10 each in the share capital of the our Company, credited as fully paid up for every 100 (Hundred) fully paid up Equity Shares of ₹ 10 each held by such members in the share capital of the Transferor Company 1.
  - 33 (Thirty Three) Equity Shares of ₹10 each in the share capital of our Company credited as fully paid up for every 100 (Hundred) fully paid up Equity Shares of ₹ 10 each held by such members in the share capital of the Transferor Company 2.
- e) As on the Appointed Date, pursuant to the Scheme the excess of the aggregate amount of paid up equity capital of the Transferor Companies, issued and allotted in the form of equity shares of ₹ 10 each to our Company, which was over and above the consideration was to be credited to an ‘amalgamation reserve’ in the books of our Company.
- f) Upon the Scheme becoming effective, the authorized capital of the Transferor Companies was added to and clubbed with the authorized capital of our Company without payment of any fees and without any further act or deed, and the resultant authorized capital of our Company, pursuant to the Scheme is as follows:

| Share Capital           | Amount (₹ in lacs) |
|-------------------------|--------------------|
| 71,50,000 Equity Shares | 715.00             |
- g) Pursuant to the Scheme coming in effect, the Transferor Companies were dissolved without being wound up.

**Revaluation of assets**

Our Company has neither revalued its assets nor has issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves in the last ten years.

### **Holding Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

### **Subsidiaries of our Company**

Our Company has a wholly owned subsidiary, namely Sigachi U.S., Inc. For further details, please refer to the chapter titled, “*Our Subsidiary*” at page 200 of this Draft Red Herring Prospectus.

### **Associate or Joint ventures of our Company**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures or Associate Companies.

### **Strategic and Financial Partners**

As on date of this Draft Red Herring Prospectus our Company does not have any strategic and financial partners.

### **Shareholders and Other Agreements**

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

### **Agreements with key managerial personnel or a Director or Promoters or any other employee of the Company**

There are no agreements entered into by a Key Managerial Personnel or Director or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

### **Guarantees given by Promoters offering its shares in the Offer for Sale**

This is a fresh issue of Equity Shares and our Promoters are not offering his shares in this Issue.

### **Material Agreements**

Except as provided below, our Company has not entered into any material agreements with strategic partners, joint venture partners and/or financial partners, other than in the ordinary course of business of our Company:

- a) Agreement dated June 04, 2012 executed between Gujarat Alkalies and Chemicals Limited (“GACL”) and our Company for contract manufacturing of stable bleaching powder at the manufacturing plant owned by GACL (hereinafter referred to as the “Agreement”).***

Our Company has entered into an Agreement with GACL for contract manufacturing of stable bleaching powder (“**SBP**”) at its 45 Thermal Design Power Stable Bleaching Powder Plant (hereinafter referred to as the “**Plant**”). GACL upon representations, warrants and assurances of our Company about our capability to undertake and efficiently and safely carry out contract manufacturing of SBP with the help of experienced and skilled operating employees has agreed to enter into an agreement with our Company for contract manufacturing and operating and maintenance of the Plant. Our Company has *vide* this Agreement, agreed to undertake contract manufacturing of SBP. Our Company has represented that we have the technical personnel who possess the required qualifications, knowledge, skill and experience of operations and maintenance of such Plant and are aware of all the work involved in safe and efficient manufacturing and handling of SBP. As per the Agreement, contract manufacturing of SBP and all tasks relating to routine the Maintenance work of the Plant will be carried out and run by the Company, while following and complying with all the technical specifications and guidelines

mutually agreed in writing by the parties from time to time. The salient terms of the Agreement have been provided below:

**Term:** The Agreement is valid for a period of three years with effect from June 01, 2012 and this term shall be extendable for a further period, if mutually agreed. The parties mutually agreed to extend the term of the Agreement for a period of three years starting from June 17, 2015 until June 16, 2018 vide an addendum (“**First Addendum**”). The parties then further extended the term of the agreement for a period starting from June 17, 2018 until June 16, 2023 vide a second addendum dated June 01, 2018 (“**Second Addendum**”).

**Product:** All the raw materials, materials in process and the SBP manufactured by our Company in the Plant shall be the property of GACL. Our Company is bound to hand over to GACL the entire finished production of SBP duly packed, as may be required from time to time. Our Company is also obligated to maintain the facilities, machinery and equipment of GACL in good working condition and the cost and expenses thereof shall be borne by us. The Plant, specific facilities, equipment, machinery, raw materials and utilities contained therein, made available by GACL shall be used for the purpose of this Agreement and to manufacture SBP.

**Price:** Our Company shall receive the operating and maintenance charges (the ‘O & M Charges’) from GACL for the due and satisfactory performance of its obligations under this Agreement. The O&M Charges are subject to our Company’s performance of its obligations under this contract diligently and prudently as laid down under the Agreement.

**Raw material supply:** GACL agrees and assures sufficient supply of raw material i.e. hydrated lime and liquid chlorine and utilities for smooth running of the plant. In case GACL fails to provide sufficient supply of raw materials and utilities, which are in the scope of GACL’s obligation as provided in this Agreement, our Company will be entitled to claim minimum O & M charges from GACL.

**Quality of the Product:** Quality of products, raw material, utility norms and grade 2 generation will be maintained by the Company as per the results to be established by during initial three months of the contract. Any rejection on account of inferior quality or improper packing, expenses incurred for reprocessing or repacking and transportation will be payable by the Company to GACL.

**Termination:** (i) the Agreement shall stand terminated post the expiry of its term, unless otherwise mutually decided by the parties; (ii) in the event any party commits a breach of the terms of the contract, it shall be constituted as termination subject to a 30 days written notice being served on the defaulting party to rectify such breach. In case such breach is not rectified by the party in default, the other party may then give a 60 days notice of termination to be served on the defaulting party at least 60 days in advance. (iii) either party may terminate the Agreement by giving 30 days written notice to the other, if the performance is substantially prevented by an event of *force majeure* continuously for more than 60 days. (iv) During the tenure of this Contract, either party may give to the other 90 days advance notice in writing, to be served by Regd. Post AD and/or by hand delivery, to terminate this Contract without assigning any reason thereof.

**b) Agreement dated April 10, 2014 executed between Gujarat Alkalies and Chemicals Limited (“GACL”) and our Company for operation of the plant owned by GACL for manufacturing sodium chlorate. (hereinafter referred to as the “Agreement-1”).**

Our Company has entered into an Agreement with GACL for operation of the manufacturing plant owned by GACL, situated at Dahej Complex, P.O. Dahej-392 130, Vagra, Bharuch, Gujarat for the purpose of carrying out manufacturing operations and producing sodium chlorate (hereinafter referred to as the “**Plant**”). As per the Agreement-1, GACL has obligated our Company, with the complete operation of its 20,000 Terapascal Sodium Chlorate Plant, which broadly includes receiving raw materials and utilities supplied by GACL, operation of all plants and machineries with due diligence, storage and handling of finished products and loading of products in transport vehicles for dispatch. Our Company under this Agreement-1 is also responsible to oversee all other activities concerned with smooth operation of the Plant such as *inter alia* cleaning, de-choking, greasing and other preventive maintenance activities. Our Company has represented that we possess the capability to undertake and efficiently and safely carry out this Agreement for operation of the Plant for manufacturing of sodium chlorate with the help of experienced and skilled operating employees. Our Company has *vide* this Agreement, agreed to undertake operation of the Plant for manufacturing sodium chlorate and has assured GACL that we have the technical personnel who possess the required qualifications, knowledge, skill and experience of operations and maintenance of such Plant and are aware of all the work involved in safe and efficient manufacturing and handling of SBP. The salient terms of the Agreement-1 have been provided below:

**Term:** The Agreement-1 is valid for a period of one years with effect from the date of starting of commercial production or fifteen months from the effective date of this contract, whichever is earlier. Our Company has agreed that the commercial production of the Plant will be achieved by it within three months from the effective date of the Agreement-1. In the event the Commercial production is not achieved within the said period of three months, GACL, at its sole discretion, may extend the said period of three months in writing signed by the Authorised Signatory/ies. However, the period of this Agreement-1 shall not exceed fifteen months from the effective date. The Directors of SIPL have signed this Contract in confirmation of the same.

Since, the Agreement-1 was liable to expire by March 28, 2015, GACL agreed to extend the term of the Agreement-1 by way of the following addendums:

- a) First Extension of the Agreement: GACL vide an addendum dated March 30, 2015 extended the term of the Agreement for an addition period of six months starting from March 29, 2015 until September 30, 2015;
- b) Second Extension of the Agreement: GACL vide an addendum dated October 17, 2015 extended the term for a further period of one year starting from October 01, 2015 until September 30, 2016;
- c) Third Extension of the Agreement: GACL vide an addendum dated October 01, 2016 further extended the term for a period of one year starting from October 01, 2016 until September 30, 2017; and
- d) Fourth Extension of the Agreement: GACL and our Company on September 28, 2016 extended the term of the Agreement for a period of five years starting from October 01, 2017 until September 30, 2022, subject of annual review of performance of our Company by GACL.

**Product:** All the raw materials, materials in process and the sodium chlorate manufactured by our Company in the Plant shall be the property of GACL. Our Company is bound to hand over to GACL the entire finished production of sodium chlorate duly packed, as may be required from time to time. Our Company is also obligated to maintain the facilities, machinery and equipment of GACL in good working condition and the cost and expenses thereof shall be borne by us. The Plant, specific facilities, equipment, machinery, raw materials and utilities contained therein, made available by GACL shall be used for the purpose of this Agreement and to manufacture sodium chlorate.

**Price:** Our Company shall receive charges from GACL for the due and satisfactory performance of its obligations under this Agreement. The charges are subject to our Company's performance of its obligations under this contract diligently and prudently as laid down under the Agreement.

**Raw material supply:** GACL agrees and assures sufficient supply of raw materials, auxiliary materials and utilities as agreed to be provided under this Agreement, subject to overall production planning for smooth running of the Plant. In case GACL fails to provide sufficient supply of raw materials and utilities, which are in the scope of GACL's obligation as provided in the Agreement, our Company will be entitled to claim the minimum charges, as mentioned above, for operations from GACL.

**Quality of the Product:** Quality of products, raw material, utility norms and grade 2 generation will be maintained by the Company as per the results to be established by during initial three months of the contract. Any rejection on account of inferior quality or improper packing, expenses incurred for reprocessing or repacking and transportation will be payable by the Company to GACL.

**Termination:** (i) the Agreement shall stand terminated post the expiry of its term, unless otherwise mutually decided by the parties; (ii) in the event any party commits a breach of the terms of the contract, it shall be constituted as termination subject to a 30 days written notice being served on the defaulting party to rectify such breach. In case such breach is not rectified by the party in default, the other party may then give a 60 days notice of termination to be served on the defaulting party at least 60 days in advance. (iii) either party may terminate the Agreement by giving 30 days written notice to the other, if the performance is substantially prevented by an event of *force majeure* continuously for more than 60 days. (iv) During the tenure of this Contract, either party may give to the other 90 days advance notice in writing, to be served by Regd. Post AD and/or by hand delivery, to terminate this Contract without assigning any reason thereof.



## OUR SUBSIDIARY

Our Company has one wholly owned subsidiary namely Sigachi US, Inc as on date of this Draft Red Herring Prospectus. The details of our Subsidiary is as follows:

### *Corporate Information*

Sigachi US, Inc. was incorporated on January 20, 2017, as our wholly owned subsidiary under the laws of Virginia with the State Corporate Commission, Richmond. The registration number of our Subsidiary is 30-0965470 and its registered office is situated at 4310 Prince William Parkway, Suite 300, Prince William, Virginia - 22192.

Our Subsidiary is majorly engaged in the business of trading of Micro Crystalline Cellulose Powder (“MCCP”) and other food and pharma active ingredients. The main object of our Subsidiary is to *inter alia* consolidate & strengthen its position in the North America MCC Industry. In addition, build multiple lines of business by focusing on value added and innovative products from pharma, nutra and food industries with the goal of maximizing value to its end customers in terms of quality, cost and customer service.

### *Capital Structure*

The authorized capital of our Subsidiary is \$ 50,000 divided into 50,000 equity shares of \$ 1 each. The issued, subscribed and paid up share capital is \$ 20,000 divided into 20,000 equity shares of \$ 1 each.

### *Shareholding as on August 15, 2020*

The following table sets forth details of the shareholding of our Subsidiary:

| S. No.       | Name of the Shareholder    | Number of Equity Shares | Percentage of total shareholding (%) |
|--------------|----------------------------|-------------------------|--------------------------------------|
| 1.           | Sigachi Industries Limited | 20,000                  | 100%                                 |
| <b>Total</b> |                            | <b>20,000</b>           | <b>100%</b>                          |

### *Accumulated Profits or Losses of our Subsidiary*

There are no accumulated profits or losses of our Subsidiary, not accounted for, by our Company as on the date of this Draft Red Herring Prospectus.

### **Business interest between our Company and the Subsidiary**

Our Subsidiary is engaged in the line of business that is similar and/or synergistic to our Company, primarily pertaining to trading of Micro Crystalline Cellulose. Our Subsidiary has been incorporated to undertake or operate in line with our Company’s business objectives in the international markets, on behalf of our Company.

Since Sigachi US, Inc is our wholly owned subsidiary, we do not envisage any conflict of interest between our Subsidiary and us.

For further details on the business transactions between our Subsidiary and our Company and significance of such transactions on the financial performance of our Company see, “*Financial Statements -Related Party Transactions*” at page 272.

Except as stated in the chapters titled “*Our Business*” and “*Financial Statements - Related Party Transactions*” on pages 159 and 272, our Subsidiary does not has any business interest in our Company.

### **Litigation**

There are no pending litigations filed by or against our Subsidiary.

### **Other confirmations**

1. Our Subsidiary is not listed on any stock exchange in India or abroad. Further, our Subsidiary has not been refused listing of any securities at any time, by any of the recognised stock exchanges in India or abroad.
2. Our Subsidiary has not made any public or rights issue (including any rights issue to the public) in the three years preceding the date of this Draft Red Herring Prospectus.
3. There have been no instances of default in repayment of deposits or payment of interest thereon by our Subsidiary.

## OUR MANAGEMENT

### Our Board of Directors

Our Articles of Association require us to have not less than three (03) and not more than fifteen (15) Directors. As on date of this Draft Red Herring Prospectus, we have six (08) Directors on our Board, which includes, two (02) Managing Directors, two (02) Whole – time Directors, one (01) Non-Executive Director and three (03) Independent Directors, one of whom is also the woman director of our Company.

Set forth below, are details regarding our Board as on the date of this Draft Red Herring Prospectus:

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality   | Age (years) | Other Directorships                       |
|--|-------------|---|
| <b>Swami Das Nigam</b>   | 78          | Nil                                       |
| <b>DIN:</b> 02669472   |             |   |
| <b>Date of Birth:</b> February 06, 1942  |             |   |
| <b>Designation:</b> Chairman and Non-Executive Director  |             |   |
| <b>Address:</b> 2473, Sector C-2, Vasant Kunj, South West Delhi, Delhi- 110 070, India.  |             |   |
| <b>Occupation:</b> Business  |             |   |
| <b>Term:</b> Liable to retire by rotation  |             |   |
| <b>Nationality:</b> Indian   |             |   |
| <b>Rabindra Prasad Sinha</b>   | 70          | <i>Directorships in Indian companies</i>  |
| <b>DIN:</b> 00413448   |             |   |
| <b>Date of Birth:</b> September 01, 1950   |             |   |
| <b>Designation:</b> Whole-time Director  |             |   |
| <b>Address:</b> Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Tirumalagiri, Hyderabad -500 049, Telangana, India.                              |             |   |
| <b>Occupation:</b> Business  |             |   |
| <b>Term:</b> For a period of five (05) years w.e.f. December 01, 2019.   |             |   |
| <b>Nationality:</b> Indian   |             |   |
| <b>Chidambarnathan Shanmuganathan</b>  | 77          | <i>Directorship in foreign companies:</i> |
| <b>DIN:</b> 00485497   |             |   |
| <b>Date of Birth:</b> May 10, 1943   |             |   |
| <b>Designation:</b> Whole-time Director  |             |   |
| <b>Address:</b> Plot number 33, HIG Phase -II, Ushodaya Enclave, Reliance Fresh, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad - 500 049, Telangana, India. |             |   |
| <b>Occupation:</b> Business  |             |   |
| <b>Term:</b> For a period of five (05) years w.e.f. December 01,   |             |   |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality   | Age (years) | Other Directorships  |
|--|-------------|--|
| 2019.  |             |  |
| <b>Nationality:</b> Indian   |             |  |
| <b>Amit Raj Sinha</b>  | 47          | 1. RPS Projects & Developers Private Limited   |
| <b>DIN:</b> 01263292   |             |  |
| <b>Date of Birth:</b> September 18, 1973   |             |  |
| <b>Designation:</b> Managing Director and Chief Executive Officer  |             |  |
| <b>Address:</b> Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad -500 049, Telangana, India |             |  |
| <b>Occupation:</b> Business  |             |  |
| <b>Term:</b> For a period of five (05) years w.e.f. December 01, 2019.   |             |  |
| <b>Nationality:</b> Indian   |             |  |
| <b>Vijaykumar Amrutlal Bhavsar</b>   | 51          | Nil  |
| <b>DIN:</b> 01768165   |             |  |
| <b>Date of Birth:</b> August 06, 1969  |             |  |
| <b>Designation:</b> Whole-time Director  |             |  |
| <b>Address:</b> 4 Maurya Haxed Bungalows, near Navkar Flats, 132 Foot Ring Road, Naranpura, Ahmedabad- 380 013, Gujarat, India.  |             |  |
| <b>Occupation:</b> Business  |             |  |
| <b>Term:</b> For a period of one year (01) w.e.f. September 28, 2019 and is liable to retire by rotation.  |             |  |
| <b>Nationality:</b> Indian   |             |  |
| <b>Kanika Singal</b>   | 42          | 1. Obreedo Design Solutions Private Limited<br>2. Next Leap Advisory and Search Services Private Limited |
| <b>DIN:</b> 07295273   |             |  |
| <b>Date of Birth:</b> January 25, 1978   |             |  |
| <b>Designation:</b> Independent Director   |             |  |
| <b>Address:</b> 140. South Park Apartments, Kalakji, New Delhi- 110 019, India.  |             |  |
| <b>Occupation:</b> Professional  |             |  |
| <b>Term:</b> For a period of two (02) years w.e.f. July 10, 2019   |             |  |
| <b>Nationality:</b> Indian   |             |  |
| <b>Lijo Stephen Chacko</b>   | 47          | 1. GO2C Change Makers Foundation   |
| <b>DIN:</b> 07593064   |             |  |

| Name, DIN, Date of Birth, Designation, Address, Occupation, Term and Nationality | Age (years) | Other Directorships |
|--|-------------|---------------------|
|--|-------------|---------------------|

**Date of Birth:** March 18, 1973

**Designation:** Independent Director

**Address:** B5, Kamala Mansion, 10-11, Connaught Road, Kamalabai School, Bangalore G.P.O, Bangalore- 560 001, Karnataka, India.

**Occupation:** Business

**Term:** For a period of two (02) years w.e.f. July 10, 2019

**Nationality:** Indian

**Sarveswara Reddy Sanivarapu**

55

**DIN:** 00459605

**Date of Birth:** June 02, 1965

**Designation:** Additional (Independent) Director

**Address:** 8-2-603/23/20 and 21 Flat No. 402, HSR Tulips, Road No. 10 opposite IAS and IPS quarters, Banjara Hills, Khairatabad, Hyderabad- 500 034, Telangana, India.

**Occupation:** Professional

**Term:** From August 26, 2020 until the 31<sup>st</sup> Annual General Meeting.

**Nationality:** Indian

1. Haripriya Solar Electricals Private Limited
2. HSR Homes Private Limited
3. Akhil Avenues Private Limited
4. Sri Venkateswara Green Power Projects Limited

## Brief Biographies of our Directors

**Swami Das Nigam**, aged 78 years, is the Chairman of the Board and Non-Executive Director of our Company and has been associated with our Company since the year 2014. He holds a bachelor's degree in engineering (electrical) from Birla Engineering College, Pilani. He was initially appointed as an Additional Director on September 18, 2014 and his appointment was regularized on October 31, 2014.

**Rabindra Prasad Sinha**, aged 70 years, is the Whole-time Director, the Chairperson of our Company and one of our Promoters who has been associated with our Company since its inception. He holds a bachelor's degree in science (chemical engineering) from Bihar Institute of Technology and a master's degree in chemical engineering from Banaras Hindu University. He has an experience of over three decades in the cellulose and fine chemicals industry. He played an instrumental role in setting up of our wholly owned Subsidiary, Sigachi US Inc. and in expansion of our export operations. He is one of the founding members of our Company and is one the leading lights, in giving us a sense of direction and growth in the overall pharma and excipient industry. His direct connect with the top two levels of leadership at our managerial level and at the production facilities have been instrumental in employee connect and outreach, which has resulted in stability and retention of the best talent.

**Chidambarnathan Shanmuganathan**, aged 77 years, is the Whole-time Director of our Company and is one of our Promoters associated with our Company since its inception. He holds a bachelor's degree in science from University of Madras. He has qualified the postgraduate diploma in business administration from Annamalai University and the national certificate examination in supervision held by National Productivity Council, New Delhi. He has also cleared the associate membership examination held by the Indian Institute of Chemical Engineers. He has an experience of more than five decades in the field of variety of chemicals and derivatives of cellulose. He is associated with our Company since its inception and is one of the founding members of our Company. He has played an instrumental role in expanding the domestic operation of our Company and in

setting up of our manufacturing units in Gujarat. His vision has helped our Company diversify the operations to include operation and maintenance of chemical manufacturing units for a public sector undertaking such as Gujarat Alkalies and Chemicals Limited. He is currently heading the manufacturing operations of our manufacturing unit situated at Hyderabad and also supervises our operation and maintenance division.

**Amit Raj Sinha**, aged 47 years, is the Managing Director, Chief Executive Officer and is one of the Promoters of our Company. He is an ex member of the naval forces and is an alumni of the Naval College of Engineering. He was appointed as the sub-lieutenant in the Indian Navy by the Hon'ble President of India in the year 1996. He holds a bachelor's degree in technology with a specialization in mechanical engineering from the Jawaharlal Nehru University, New Delhi and is a fellow member of the Institute of Engineers. He has qualified the postgraduate programme in management for senior executives (MBA) from the Indian School of Business. He holds certificates of completion of the competitive marketing strategy and corporate developments on mergers and acquisitions from the Wharton School, University of Pennsylvania. He has been associated with our Company since the year 2006 and plays an instrumental role in strengthening the Research and Development Division of our Company. He has been the driving force expansion of units in Gujarat state. The two production units were setup under his direct guidance and leadership. He along with his team from the Research and Development Division of our Company have published various research papers in journals such as International Journal of Pharmaceutical Sciences and Research, European Journal of Biomedical and Pharmaceutical sciences, World Journal of Pharmaceutical Research, International Journal of Recent Scientific Research, etc. Under his leadership and owing to his insights and knowledge in the pharmaceutical and cellulose industry we have successfully filed an application for registering patent for our product "BARETab@PH". He continues to guide the Research and Development team in coming out with co-processed new molecules in the Pharma ingredient and food industry. His focus on the regulatory system of the pharma and food industry has ensured that our Company gets Certificate of Suitability approval from the European Directorate of Quality and Medicines and Drug Master Files from the US FDA. He was initially appointed as the Chief Executive of our Company on April 24, 2006, post which he was appointed as the Joint Managing Director of the Company on December 01, 2009. On November 29, 2014, he was re-designated as the Managing Director and the Chief Executive Officer of the Company.

**Vijaykumar Amrutlal Bhavsar**, aged 51 years, is the Whole-time Director of our Company. He holds a bachelor's degree in engineering from Gujarat University. He has an experience of more than two decades in chemical and pharmaceutical industry. In the past, he has served as sales cum service engineer in Energy Systems Private Limited, sales and service engineer in Laxmi Boilers, chemical engineer in Petrofils Co-operative Limited and executive – technical services in Pennar Chemicals. He was appointed as an Additional Director of our Company with effect from September 18, 2014 and his appointment was regularized on November 29, 2014.

**Kanika Singal**, aged 42 years, is an Independent Director of our Company. She holds a bachelor's degree in architecture from School of Planning and Architecture, New Delhi and a master's degree in business administration from Indian Institute of Technology, Delhi. Presently, she is a director on the board of directors of Obreedo Design Solutions Private Limited and Next Leap Advisory and Search Services Private Limited. She was appointed as an Additional Director of our Company with effect from July 10, 2019 and her appointment was regularized on September 28, 2019.

**Lijo Stephen Chacko**, aged 47 years, is an Independent Director of our Company. He is an ex member of the naval forces and is an alumni of the Naval College of Engineering. He was appointed as the sub-lieutenant in the Indian Navy by the Hon'ble President of India in the year 1996. He holds a bachelor's degree in technology with a specialization in mechanical engineering from the Jawaharlal Nehru University, New Delhi. He has completed the 54<sup>th</sup> basic marine course from Submarine School, technical management course from the College of Naval Warfare and the marine engineering specialisation course from the Centre of Marine Engineering Technology. He has qualified the post graduate diploma in management conducted by Jannalal Bajaj Institute of Management Studies, University of Mumbai. He has successfully completed the Yale Global Leadership Program from the Yale School of Management and has also participated in the course on developing people and building teams in non-profit organisations conducted by Indian Institute of Technology, Mumbai. He is the director of a section 8 company GO2C Change Makers Foundation.

**Sarveswara Reddy Sanivarapu**, aged 55 years is an Additional (Independent) Director of our Company and holds a bachelor's degree in commerce. He is an associate of the Institute of Company Secretaries of India and has also received the certificate of practice as a company secretary. He is a recognized insolvency professional *vide* a certificate of registration issued by the Insolvency and Bankruptcy Board of India. In the past, he has

served as an Executive Director in the Hyderabad Stock Exchange and presently is the sole proprietor of S. S. Reddy & Associates, Company Secretaries. He was appointed as an Additional Director of our Company on August 26, 2020.

### **Confirmations**

1. None of our Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Draft Red Herring Prospectus with the SEBI, during the term of his/ her directorship in such company.
2. Further, none of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past.
3. None of our Directors have been identified as a wilful defaulter, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.
4. Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2(1)(p) of the SEBI ICDR Regulations, and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.
5. None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

### **Relationship between our Directors**

Except as stated below, none of our Directors are related to each other:

| <b>Name of Director</b> | <b>Relationship</b>          |
|-------------------------|------------------------------|
| Rabindra Prasad Sinha   | Father of Amit Raj Sinha     |
| Amit Raj Sinha          | Son of Rabindra Prasad Sinha |

### **Arrangements and Understanding with Major Shareholders**

None of our Key Managerial Personnel or Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others pursuant to which of the directors was selected as a director or member of senior management.

### **Payment or Benefit to officers of our Company**

Except as stated otherwise in this Draft Red Herring Prospectus and any statutory payments made by our Company, no non-salary amount or benefit has been paid, in two preceding years, or given or is intended to be paid or given to any of our Company's officers except remuneration of services rendered as Directors, officers or employees of our Company.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made regularly by our Company towards provident fund, gratuity fund and employee state insurance.

### **Borrowing Powers of our Board**

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Our Company has, pursuant to an EGM held on January 09, 2020, resolved that in accordance with the provisions of the Companies Act, 2013, our Board is authorised to borrow, from time to time, such sum or sums of moneys as the Board may deem fit for the purpose of the business of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), in excess to the aggregate of the paid – up capital of our

Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys borrowed by the Board of Directors and outstanding at one time shall not exceed ₹ 10,000 lacs.

### **Terms of appointment and remuneration of our Managing Director and Whole-time Director**

#### *i. Terms of Appointment of Amit Raj Sinha*

Pursuant to a resolution passed by the Board of Directors at the meeting held on September 03, 2019 and approved by the Shareholders of our Company at the AGM held on September 28, 2019, Amit Raj Sinha was re-appointed as the Managing Director and the Chief Executive Officer of our Company for a period of five (05) years with effect from December 01, 2019 along with the terms of remuneration, which provides that the aggregate of his salary, allowances and perquisites in any one financial year shall not exceed the limits prescribed under Sections 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the rules prescribed thereunder.

|  |   |
|--|---|
| <b>Basic Salary</b>                        | Upto ₹ 4.5 lacs per month with an annual increment of ₹ 0.5 lacs  |
| <b>Performance incentive or commission</b> | Such remuneration by way of commission in addition to the salary, perquisites payable, as may be decided by the Board of Directors for each financial year calculated with reference to the net profits of the Company, payable at such intervals, as may be decided by the Board of Directors, subject to a maximum of 2% for each financial year commencing from 2019-2020.   |
| <b>Perquisites</b>                         | <p>In addition to the salary received, the Whole-time Director of our Company is entitled to the following perquisites and allowances:</p> <ul style="list-style-type: none"> <li>• <u>Medical Reimbursement</u>: Reimbursement of the expenses incurred for self and family or medical insurance for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.</li> <li>• <u>Leave Travel Concession</u>: Leave travel concession for self and family once in a year incurred in accordance with rule of the Company.<br/>Explanation: Family means, the Spouse, the dependent children and dependent parents</li> <li>• <u>Club Fees</u>: Fees of Club subject to maximum of two clubs. No admission and life membership fee shall be paid.</li> <li>• <u>Personal Accident Insurance</u>: Personal accident insurance of an amount, the annual premium of which does not exceed ₹ 0.25 lacs per annum.</li> <li>• Gratuity as per the rules of the Company: <ul style="list-style-type: none"> <li>a) Company's contribution towards superannuation fund as per the rules of the Company.</li> <li>b) The aforesaid perquisites stated for the payment of gratuity shall not be included in the computation of aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li> </ul> </li> <li>• <u>Earned Leave</u>: On full pay and allowance and perquisites as per the rules of the company, but not exceeding one-month salary for eleven months service. Encashment of leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.</li> <li>• Provision for car for use on Company's business and telephone at residence shall not be considered as perquisites, personal long-distance call and use of car for private use shall be billed by the Company.</li> </ul> |
| <b>Minimum Remuneration</b>                | In the event of loss or inadequacy of profits in any financial year, Amit Raj Sinha shall be entitled to receive a total remuneration including perquisites, etc., not exceeding the ceiling limits as approved by the Board of Directors and the members, as minimum remuneration.   |

#### *ii. Terms of Appointment of Rabindra Prasad Sinha*

Pursuant to a resolution passed by the Board of Directors at the meeting held on September 03, 2019 and approved by the Shareholders of our Company at the AGM held on September 28, 2019, Rabindra Prasad Sinha was re-appointed as the Whole-time Director of our Company for a period of five (05) years with effect from December 01, 2019 along with the terms of remuneration, which provides that the aggregate of his salary, allowances and perquisites in any one financial year shall not exceed the limits prescribed under Sections 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the rules prescribed thereunder.

|  |   |
|--|---|
| <b>Basic Salary</b>                        | Upto ₹ 3.6 lacs per month with an annual increment of ₹ 0.4 lacs  |
| <b>Performance incentive or commission</b> | Such remuneration by way of commission in addition to the salary, perquisites payable, as may be decided by the Board of Directors for each financial year calculated with reference to the net profits of the Company, payable at such intervals, as may be decided by the Board of Directors, subject to a maximum of 2% for each financial year commencing from 2019-2020. |



|                             |  |
|-----------------------------|--|
| <b>Perquisites</b>          | <p>In addition to the salary received, the Whole-time Director of our Company is entitled to the following perquisites and allowances:</p> <ul style="list-style-type: none"> <li>• <u>Medical Reimbursement:</u> Reimbursement of the expenses incurred for self and family or medical insurance for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.</li> <li>• <u>Leave Travel Concession:</u> Leave travel concession for self and family once in a year incurred in accordance with rule of the Company.<br/>Explanation: Family means, the Spouse, the dependent children and dependent parents</li> <li>• <u>Club Fees:</u> Fees of Club subject to maximum of two clubs. No admission and life membership fee shall be paid.</li> <li>• <u>Personal Accident Insurance:</u> Personal accident insurance of an amount, the annual premium of which does not exceed ₹ 0.25 lacs per annum.</li> <li>• <u>Gratuity</u> as per the rules of the Company: <ul style="list-style-type: none"> <li>a) Company's contribution towards superannuation fund as per the rules of the Company.</li> <li>b) The aforesaid perquisites stated for the payment of gratuity shall not be included in the computation of aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li> </ul> </li> <li>• <u>Earned Leave:</u> On full pay and allowance and perquisites as per the rules of the company, but not exceeding one-month salary for eleven months service. Encashment of leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.</li> <li>• Provision for car for use on Company's business and telephone at residence shall not be considered as perquisites, personal long-distance call and use of car for private use shall be billed by the Company.</li> </ul> |
| <b>Minimum Remuneration</b> | In the event of loss or inadequacy of profits in any financial year, Rabindra Prasad Sinha shall be entitled to receive a total remuneration including perquisites, etc., not exceeding the ceiling limits as approved by the Board of Directors and the members, as minimum remuneration.   |

iii. *Terms of Appointment of Chidambarnathan Shanmuganathan*

Pursuant to a resolution passed by the Board of Directors at the meeting held on September 03, 2019 and approved by the Shareholders of our Company at the AGM held on September 28, 2019, Chidambarnathan Shanmuganathan was re-appointed as a Whole-time Director of our Company for a period of five (05) years with effect from December 01, 2019 along with the terms of remuneration, which provides that the aggregate of his salary, allowances and perquisites in any one financial year shall not exceed the limits prescribed under Sections 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the rules prescribed thereunder.

|  |  |
|--|--|
| <b>Basic Salary</b>                        | Upto ₹ 3.6 lacs per month with an annual increment of ₹ 0.4 lacs   |
| <b>Performance incentive or commission</b> | Such remuneration by way of commission in addition to the salary, perquisites payable, as may be decided by the Board of Directors for each financial year calculated with reference to the net profits of the Company, payable at such intervals, as may be decided by the Board of Directors, subject to a maximum of 2% for each financial year commencing from 2019-2020.  |
| <b>Perquisites</b>                         | <p>In addition to the salary received, the Whole-time Director of our Company is entitled to the following perquisites and allowances:</p> <ul style="list-style-type: none"> <li>• <u>Medical Reimbursement:</u> Reimbursement of the expenses incurred for self and family or medical insurance for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.</li> <li>• <u>Leave Travel Concession:</u> Leave travel concession for self and family once in a year incurred in accordance with rule of the Company.<br/>Explanation: Family means, the Spouse, the dependent children and dependent parents</li> <li>• <u>Club Fees:</u> Fees of Club subject to maximum of two clubs. No admission and life membership fee shall be paid.</li> <li>• <u>Personal Accident Insurance:</u> Personal accident insurance of an amount, the annual premium of which does not exceed ₹ 0.25 lacs per annum.</li> <li>• <u>Gratuity</u> as per the rules of the Company: <ul style="list-style-type: none"> <li>a) Company's contribution towards superannuation fund as per the rules of the Company.</li> <li>b) The aforesaid perquisites stated for the payment of gratuity shall not be included in the computation of aforesaid ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.</li> </ul> </li> <li>• <u>Earned Leave:</u> On full pay and allowance and perquisites as per the rules of the company, but not exceeding one-month salary for eleven months service. Encashment of leave at the end of the tenure shall not be included in the computation of the aforesaid ceiling on perquisites and/or salary.</li> <li>• Provision for car for use on Company's business and telephone at residence shall not be considered as perquisites, personal long-distance call and use of car for private use shall be billed by the Company.</li> </ul> |

|                             |   |
|-----------------------------|---|
| <b>Minimum Remuneration</b> | In the event of loss or inadequacy of profits in any financial year, Chidambarnathan Shanmuganathan shall be entitled to receive a total remuneration including perquisites, etc., not exceeding the ceiling limits as approved by the Board of Directors and the members, as minimum remuneration. |
|-----------------------------|---|

iv. *Terms of Appointment of Vijaykumar Amrutlal Bhavsar*

Pursuant to a resolution passed by the Board of Directors at the meeting held on September 03, 2019 and approved by the Shareholders of our Company at the AGM held on September 28, 2019, Vijaykumar Amrutlal Bhavsar was re-appointed as a Whole-time Director of our Company for a period of one (01) year with effect from September 28, 2019 along with the terms of remuneration, which provides that a remuneration of ₹ 01 lacs including dearness and all other allowances shall be paid to him and in any one financial year shall not exceed the limits prescribed under Sections 197, 198, Schedule V and other relevant provisions of the Companies Act, 2013 read with the rules prescribed thereunder. Further, in the event of loss or inadequacy of profits in any financial year, Vijaykumar Amrutlal Bhavsar shall be entitled to receive his total remuneration not exceeding the ceiling limits as approved by the Board of Directors and the members, as minimum remuneration.

**Remuneration details of our Directors**

(i) *Remuneration of our Executive Directors*

The aggregate value of the remuneration paid to the Executive Directors in Fiscal 2020 is as follows:

| S. No. | Name of the Director           | Remuneration (₹ in lacs) |
|--------|--------------------------------|--------------------------|
| 1.     | Amit Raj Sinha                 | 101.46                   |
| 2.     | Rabindra Prasad Sinha          | 71.56                    |
| 3.     | Chidambarnathan Shanmuganathan | 90.66                    |
| 4.     | Vijaykumar Amrutlal Bhavsar    | 12.00                    |

As on date of this Draft Red Herring Prospectus, none of the Executive Directors of our Company have been paid sitting fee for attending meetings of our Board and the committees of the our Board.

(ii) *Sitting fee details of our Non- Executive Director and Independent Directors*

Our Non-Executive Director and Independent Directors have not been paid any sitting fee for Fiscal 2019. However, pursuant to a resolution dated October 07, 2019 passed by our Board of Directors, our Non-Executive Director and Independent Directors are entitled to a sitting fee of upto ₹ 0.3 lacs for attending each meeting of our Board and the committees of the our Board. However, our Independent Director, Lijo Stephen Chacko has waived his right to receive the aforementioned sitting fee by way of his letter dated July 10, 2019.

**Payment or benefit to Directors of our Company**

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Executive Directors except the normal remuneration for services rendered as a Director of our Company. Additionally, there is no contingent or deferred compensation payable to any of our Directors.

**Remuneration paid to our Directors by our Subsidiary**

As on date of this Draft Red Herring Prospectus, our Subsidiary has not paid any remuneration to our Directors.

**Loans to Directors**

There are no loans that have been availed by the Directors from our Company that are outstanding as of the date of this Draft Red Herring Prospectus.

**Shareholding of Directors in our Company**

Except as stated below, none of our other Directors holds any Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of Director               | Number of Equity Shares | % of the pre-Issue Equity Share Capital |
|---------|--------------------------------|-------------------------|---|
| 1.      | Rabindra Prasad Sinha          | 507,280                 | 6.60                                    |
| 2.      | Amit Raj Sinha                 | 431,770                 | 5.62                                    |
| 3.      | Chidambarnathan Shanmuganathan | 646,945                 | 8.42                                    |
| 4.      | Vijay Amrutlal Bhavsar         | 2,72,220                | 3.54                                    |

### Shareholding of Directors in our Subsidiaries

None of the Directors of our Company hold any shares in the Subsidiary of our Company.

### Interest of our Directors

Our Executive Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses, if any, payable to them. For details of remuneration paid to our see “*Terms of appointment and remuneration of our Executive Directors*” above.

Amit Raj Sinha, Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan are the Promoters of our Company and may be deemed to be interested in the promotion of our Company to the extent that they have promoted our Company. Except as stated above, our Directors have no interest in the promotion of our Company other than in the ordinary course of business. Our Directors may also be regarded as interested to the extent of Equity Shares held by them in our Company, if any, details of which have been disclosed above under the heading “*Shareholding of Directors in our Company*”. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares.

Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoter, directors, partners, proprietors or trustees or kartas or cparceners or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoter, directors, partners, proprietors, members or trustees, pursuant to this Issue. Except as disclosed in “*Financial Information*”, “*Our Promoters and Promoter Group*” and “*Our Subsidiary*” on page 232, 222 and 200, respectively of this Draft Red Herring Prospectus, our Directors are not interested in any other company, entity or firm.

Our Whole-time Director, Chidambarnathan Shanmuganathan has is interested in our Company, to the extent that his son C. Bhavani Shanmugam holds the position of a Director in our Subsidiary, Sigachi U.S. Inc.

Except as disclosed in “*Financial Information*” and “*Financial Indebtedness*” on page 232 and 296, respectively in this Draft Red Herring Prospectus, our Directors have not extended any personal guarantees for securing the repayment of the bank loans obtained by our Company. Further, our Whole-time Directors, Rabindra Prasad Sinha and Vijaykumar Amrutlal Bhavsar have provided their personal properties as collateral securities for the loan availed by our Company from Kotak Mahindra Bank, for further details, please refer to the chapter titled “*Financial Indebtedness*” on page 296 of this Draft Red Herring Prospectus.

Except as stated in “*Restated Consolidated Financial Information - Annexure VI- Notes to Financial Information- Note 34 – Related Party Transactions*” on page 272 of this Draft Red Herring Prospectus, our Directors do not have any other interest in the business of our Company.

### Interest as to property

Our Managing Director and Chief Executive Officer, Amit Raj Sinha holds interest in the property of our Company, for further details, please refer to the chapter titled “*Our Business- Land and Property*” on page 177 of this Draft Red Herring Prospectus. Except as mentioned above, as on date of this Draft Red Herring Prospectus, our Directors do not have any interest in any property acquired or proposed to be acquired by our Company or of our Company.

### Bonus or Profit Sharing Plan for our Directors

None of our Directors are a party to any bonus or profit sharing plan.

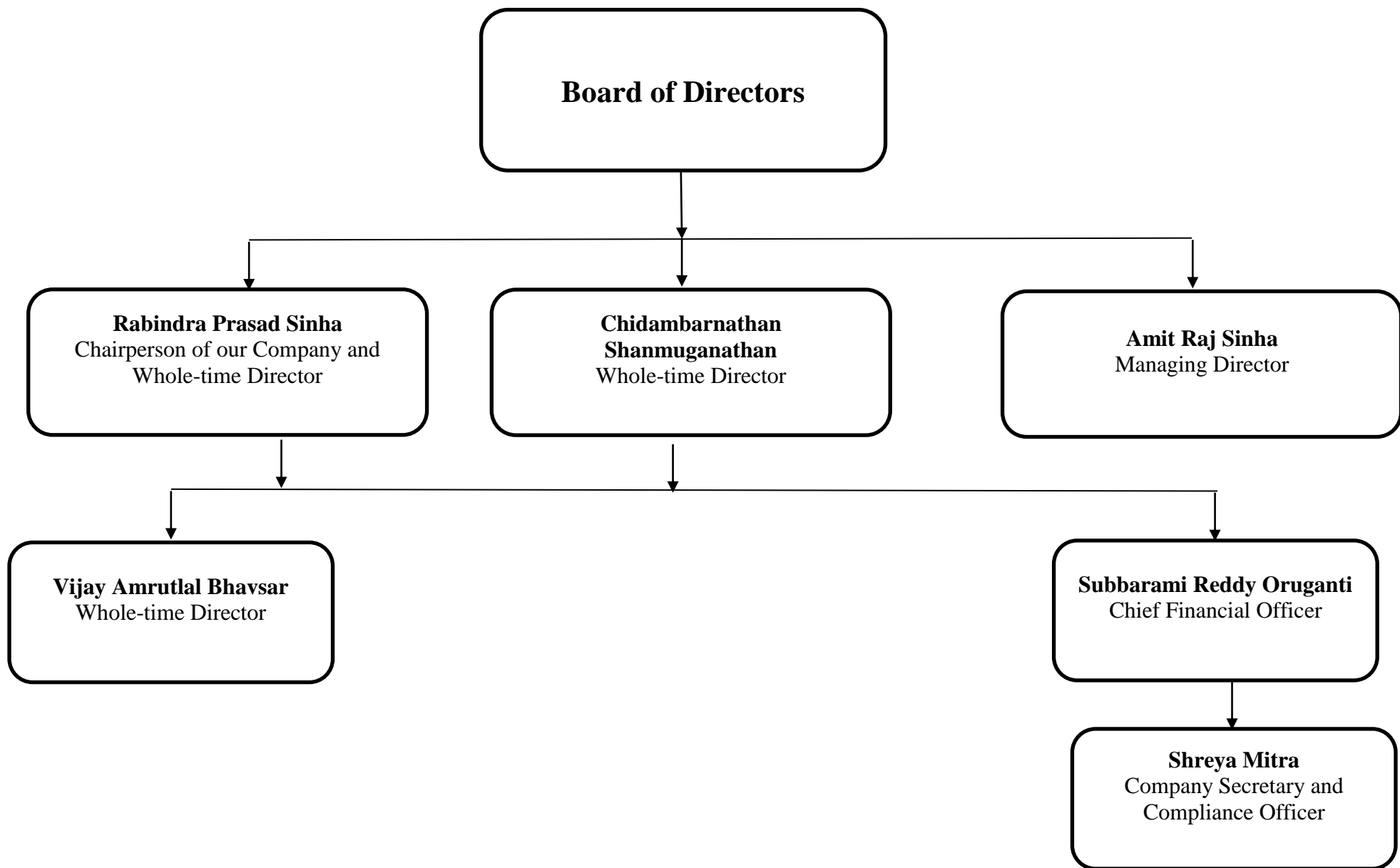
### Changes in our Board during the Last Three Years

Except as disclosed below, there have been no changes in our Board during the last three years.

| <b>Name of Director</b>     | <b>Date of Appointment</b> | <b>Date of Cessation</b> | <b>Reason</b>                                     |
|-----------------------------|----------------------------|--------------------------|---|
| Dharm Prakash Tripathi      | -                          | January 09, 2018         | Cessation as an Independent Director              |
| Kanika Singal               | July 10, 2019              | -                        | Appointed as an Additional Independent Director   |
| Lijo Stephen Chacko         | July 10, 2019              | -                        | Appointed as an Additional Independent Director   |
| Manoharan Gopalan           | September 28, 2019         | -                        | Appointed as an Independent Director              |
| Manoharan Gopalan           | -                          | August 10, 2020          | Cessation as an Independent Director              |
| Sarveswara Reddy Sanivarapu | August 26, 2020            | -                        | Appointed as an Additional (Independent Director) |

### **Management Organization Structure**

Set forth is the management organization structure of our Company



## Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock exchange.

We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

### Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a) Audit Committee;
- b) Stakeholders' Relationship Committee;
- c) Nomination and Remuneration Committee;
- d) Corporate and Social Responsibility Committee; and
- e) IPO Committee.

Details of each of these committees are as follows:

#### *a. Audit Committee*

Our Audit Committee was constituted on January 09, 2020 and reconstituted on August 26, 2020 with the following members forming a part of the said Committee:

| Sr. No. | Name of Member              | Designation |
|---------|-----------------------------|-------------|
| 1.      | Sarveswara Reddy Sanivarapu | Chairman    |
| 2.      | Kanika Singal               | Member      |
| 3.      | Amit Raj Sinha              | Member      |

The Audit Committee is in compliance with Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI Listing Regulations. The Company Secretary shall act as the secretary of the Audit Committee.

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

#### *A. Powers of Audit Committee*

The Audit Committee shall have the 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

#### *B. Role of the Audit Committee*

The role of the audit committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
  2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
  3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    - b. 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;
    - c. Changes, if any, in accounting policies and practices and reasons for the same;
    - d. Major accounting entries involving estimates based on the exercise of judgment by management;
    - e. Significant adjustments made in the financial statements arising out of audit findings;
    - f. Compliance with listing and other legal requirements relating to financial statements;
    - g. Disclosure of any related party transactions; and
    - h. Qualifications in the draft audit report.
  5. Reviewing, with the management, the quarterly 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, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Monitoring the end use of funds raised through public offers and related matters;
  8. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  9. Approval of any subsequent modification of transactions of the company with related parties;
- Explanation:** The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the Accounting Standards.
10. Scrutiny of inter-corporate loans and investments;
  11. Valuation of undertakings or assets of the company, wherever it is necessary;
  12. Evaluation of internal financial controls and risk management systems;
  13. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  14. 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;
  15. Discussion with internal auditors of any significant findings and follow up there on;

16. 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;
17. 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;
18. Looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. Reviewing the functioning of the whistle blower mechanism;
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 and background, etc. of the candidate;
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee; and
22. Reviewing the utilization of loans and/or advances from/investments by the holding company in the subsidiary exceeding rupees hundred crores or 100% of the asset size of the subsidiary, whichever is lower including existing loans / advances/ investments, as may be applicable.

Further, 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
- Appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- statement of deviations:
  - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations.
  - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) the SEBI Listing Regulations.

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings and the quorum for each meeting of the Audit Committee shall be two members or one third of the members, whichever is greater, provided that there should be a minimum of two independent directors present.

***b. Stakeholders' Relationship Committee***

Our Stakeholder' Relationship Committee was constituted on January 09, 2020 and reconstituted on August 26, 2020. The members of the said Committee are as follows:

| Sr. No. | Name of Member  | Designation |
|---------|-----------------|-------------|
| 1.      | Swami Das Nigam | Chairman    |



| <b>Sr. No.</b> | <b>Name of Member</b>       | <b>Designation</b> |
|----------------|-----------------------------|--------------------|
| 2.             | Sarveswara Reddy Sanivarapu | Member             |
| 3.             | Amit Raj Sinha              | Member             |

The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 20 of the SEBI Listing Regulations. The Company Secretary shall act as the secretary of the Stakeholders' Relationship Committee.

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations and the terms of reference, powers and scope of the Stakeholders' Relationship Committee of our Company include:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipts of annual reports, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.;
2. Review of measures taken for effective exercise of voting rights of by shareholders;
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar and Share Transfer Agent;
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipts of dividend warrants/ annual reports/ statutory notices by the shareholders of the Company; and
5. Carrying out any other function as prescribed under the SEBI Listing Regulations as and when amended from time to time.

As required under the SEBI Listing Regulations, the Stakeholders Relationship Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the security holders. The quorum of the meeting shall be either two members or one third of the members of the committee whichever is greater.

### ***c. Nomination and Remuneration Committee***

Our Nomination and Remuneration Committee was constituted on January 09, 2020 and reconstituted on August 26, 2020 with the following members:

| <b>Sr. No.</b> | <b>Name of Member</b>       | <b>Designation</b> |
|----------------|-----------------------------|--------------------|
| 1.             | Sarveswara Reddy Sanivarapu | Chairman           |
| 2.             | Lijo Stephen Chacko         | Member             |
| 3.             | Swami Das Nigam             | Member             |

The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act 2013 and Regulation 19 of the SEBI Listing Regulations. The Company Secretary shall act as the secretary of the Nomination and Remuneration Committee.

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and SEBI Listing Regulations and the terms of reference, powers and role of our Nomination and Remuneration Committee are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of independent directors and the Board;

3. Recommend to the Board of Directors all remuneration, in whatever form, payable to senior management;
4. Devising a policy on Board diversity;
5. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
6. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 or the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to the extent each is applicable; or
  - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
7. Evaluating the performance of the independent directors and on the basis of their performance evaluation recommending the Board of Directors and the members of the Company to extend or continue the term of appointment of the independent director; and
8. Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee.

As required under the SEBI Listing Regulations, the Nomination and Remuneration Committee shall meet at least once a year, and the chairperson of the committee shall be present at the annual general meetings to answer queries of the shareholders. The quorum for each meeting of the said committee shall be either two members or one-third of the members of the committee whichever is greater, including at least one independent director in presence.

***d. Corporate Social Responsibility Committee***

Our Corporate Social Responsibility Committee was originally constituted on May 25, 2018 and was subsequently reconstituted on January 09, 2020 with the following members forming a part of the said Committee:

| Sr. No. | Name of Member                 | Designation |
|---------|--------------------------------|-------------|
| 1.      | Rabindra Prasad Sinha          | Chairman    |
| 2.      | Lijo Stephen Chacko            | Member      |
| 3.      | Chidambarnathan Shanmuganathan | Member      |
| 4.      | Amit Raj Sinha                 | Member      |

The Corporate Social Responsibility Committee is in compliance with Section 135 of the Companies Act 2013. The Company Secretary shall act as the secretary of the Corporate Social Responsibility Committee.

The terms of reference of the Corporate Social Responsibility Committee include the following:

1. To formulate and recommend to the Board, a CSR policy which will indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
3. To monitor the CSR policy of the Company from time to time;

4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

The quorum for the CSR Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.

***e. IPO Committee***

Our IPO Committee was constituted pursuant to resolution of our Board of Directors dated December 10, 2019 and reconstituted on August 26, 2020. The members of the said Committee are as follows

| <b>Sr. No.</b> | <b>Name of Member</b>          | <b>Designation</b> |
|----------------|--------------------------------|--------------------|
| 1.             | Amit Raj Sinha                 | Chairman           |
| 2.             | Chidambarnathan Shanmuganathan | Member             |
| 3.             | Rabindra Prasad Sinha          | Member             |
| 4.             | Swami Das Nigam                | Member             |
| 5.             | Sarveswara Reddy Sanivarapu    | Member             |

The Company Secretary shall act as the secretary of the IPO Committee.

The terms of reference of the IPO Committee include the following:

1. Approving amendments to the memorandum of association and the articles of association of the Company;
2. Approving all actions required to dematerialize the Equity Shares, including seeking the admission of the Equity Shares into the Central Depository Services (India) Limited (the “CDSL”) and the National Securities Depository Limited (the “NSDL”);
3. Finalizing and arranging for the submission of the DRHP, the RHP, the Prospectus and any amendments, supplements, notices or corrigenda thereto, to appropriate government and regulatory authorities, institutions or bodies;
4. Approving a code of conduct as may be considered necessary by the Board or the IPO Committee or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;
5. Issuing advertisements as it may deem fit and proper in accordance with Applicable Laws;
6. Approving suitable policies, including on insider trading, whistle blower/vigil mechanism, risk management and other corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws in connection with the Offering;
7. Deciding on the size and all other terms and conditions of the Offering and/or the number of Equity Shares to be offered in the Offering, including any Pre-IPO Placement, Reservation, Green Shoe Option and any rounding off in the event of any oversubscription as permitted under Applicable Laws;
8. Taking all actions as may be necessary or authorized in connection with the Offering;
9. Appointing and instructing book running lead manager, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies and all such persons or agencies as may be involved in or concerned with the Issue and whose appointment is required in relation to the Issue, including any successors or replacements thereof;
10. Opening bank accounts, share/securities accounts, escrow or custodian accounts, in India or abroad, in Rupees or in any other currency, in accordance with Applicable Laws;

11. Entering into agreements with, and remunerating all such book running lead manager, syndicate members, placement agents, bankers to the Issue, the registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all other agencies or persons as may be involved in or concerned with the Issue, including any successors or replacements thereof, by way of commission, brokerage, fees or the like;
12. Seeking the listing of the Equity Shares on the Stock Exchanges, submitting listing application to the Stock Exchange and taking all such actions as may be necessary in connection with obtaining such listing, including, without limitation, entering into the listing agreement with the Stock Exchanges;
13. Seeking, if required, the consent of the Company's lenders and lenders of its subsidiaries, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue;
14. Submitting undertaking/certificates or providing clarifications to the SEBI and the Stock Exchanges;
15. Determining the price at which the Equity Shares are issued to investors in the Issue in accordance with Applicable Laws, in consultation with the book running lead manager and/or any other advisors, and determining the discount, if any, proposed to be issued to eligible categories of investors;
16. Determining the price band and minimum lot size for the purpose of bidding, any revision to the price band and the final Issue price after bid closure;
17. Determining the bid opening and closing dates;
18. Finalizing the basis of allocation of Equity Shares to retail investors/non-institutional investors/qualified institutional buyers and any other investor in consultation with the book running lead manager, the Stock Exchanges and/or any other entity;
19. Opening with the bankers to the Issue, escrow collection banks and other entities such accounts as are required under Applicable Laws;
20. To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
21. Severally authorizing Rabindra Prasad Sinha and Amit Raj Sinha ("**Authorized Officers**"), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officers consider necessary, desirable or expedient, in connection with the Issue, including, without limitation, engagement letters, memoranda of understanding, the listing agreement with the stock exchange, the registrar's agreement, the depositories' agreements, the issue agreement with the book running lead manager (and other entities as appropriate), the underwriting agreement, the syndicate agreement, the escrow agreement, confirmation of allocation notes, the advertisement agency agreement and any undertakings and declarations, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Issue, the book running lead manager, syndicate members, placement agents, bankers to the Issue, registrar to the Issue, bankers of the Company, managers, underwriters, guarantors, escrow agents, accountants, auditors, legal counsel, depositories, trustees, custodians, credit rating agencies, monitoring agencies, advertising agencies, and all such persons or agencies as may be involved in or concerned with the Issue including any successors or replacements thereof; and any such agreements or documents so executed and delivered and acts, deeds, matters and things done by any such Authorized Officers shall be conclusive evidence of the authority of the Authorized Officers and the Company in so doing;

22. Severally authorizing the Authorized Officers to take any and all action in connection with making applications, seeking clarifications and obtaining approvals (or entering into any arrangement or agreement in respect thereof) in connection with the Issue, including, without limitation, applications to, and clarifications or approvals from the GoI, the RBI, the SEBI, the RoC, and the Stock Exchanges and that any such action already taken or to be taken is hereby ratified, confirmed and/or approved as the act and deed of the Authorized Officers and the Company, as the case may be;
23. Severally authorizing the Authorized Officers, for and on behalf of the Company, to execute and deliver any and all documents, papers or instruments and to do or cause to be done any and all acts, deeds, matters or things as any such Authorized Officers may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officers shall be conclusive evidence of the authority of such Authorized Officers and the Company in so doing and any such document so executed and delivered or acts, deeds, matters and things done or caused to be done by any such Authorized Officers prior to the date hereof are hereby ratified, confirmed and approved as the act and deed of the Authorized Officers and the Company, as the case may be; and
24. Executing and delivering any and all documents, papers or instruments and doing or causing to be done any and all acts, deeds, matters or things as the IPO Committee may deem necessary, desirable or expedient in order to carry out the purposes and intent of the foregoing resolutions or the Issue; and any documents so executed and delivered or acts, deeds, matters and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

### **Our Key Managerial Personnel**

In addition to our Whole-time Directors and our Managing Director cum Chief Executive Officer, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', set forth below are the details of our Key Managerial Personnel as on the date of filing of this Draft Red Herring Prospectus:

**Subbarami Reddy Oruganti**, aged 48 years, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Nagarjuna University and a master's degree in business administration from Sikkim Manipal University. He has cleared the final examination held by the Institute of Chartered Accountants of India and is an associate member of the Institute of Chartered Accountants of India. He has been appointed as a Chief Financial Officer with effect from March 30, 2019 and has received ₹ 53.92 lacs for the Fiscal 2020.

**Shreya Mitra**, aged 27 years, is the Company Secretary and Compliance Officer of our Company. She holds a bachelor's and master's degree in commerce from the Maharaja Sayajirao University of Baroda. She is an associate member of the Institute of Company Secretaries of India and has in the past served in KSK Dibbin Hydro Power Limited as a Company Secretary. She is responsible for handling secretarial matters of our Company and was appointed with effect from October 08, 2019. She has received ₹ 2.61 lacs as remuneration during the Fiscal 2020.

All our Key Managerial Personnel are permanent employees of our Company. None of our Key Managerial Personnel are employed in our Subsidiary.

### **Relationship of Key Managerial Personnel with our Directors, Promoters and / or other Key Managerial Personnel**

Except as disclosed under the heading "*Relationship between our Directors*" and herein below, none of the key managerial personnel are related to each other or to our Promoters or to any of our Directors.

### **Shareholding of the Key Managerial Personnel**

In addition to the shareholding of our Executive Directors disclosed under the head "*Shareholding of Directors of our Company*", our Key Managerial Personnel do not hold equity shares of our Company as on date of this Draft Red Herring Prospectus.

### **Bonus or Profit Sharing Plan for our Key Managerial Personnel**

None of our Key Managerial Personnel is a party to any bonus or profit sharing plan.

### **Payment or benefit to Key Managerial Personnel of our Company**

Except as disclosed in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of the Key Managerial Personnel except the normal remuneration for services rendered by them. Additionally, there is no contingent or deferred compensation payable to any of our Key Managerial Personnel.

### **Interest of Key Managerial Personnel**

Except as disclosed in this Draft Red Herring Prospectus, none of our Key Managerial Personnel's have any interest in our Company other than to the extent of the remuneration, equity shares held by them or benefits to which they are entitled to our Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Further, there is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Key Managerial Personnel have been appointed.

### **Changes in Key Managerial Personnel in the Last Three Years**

Set forth below, are the changes in our Key Managerial Personnel in the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus:

| <b>Name</b>              | <b>Designation</b>                       | <b>Date of change</b> | <b>Reason</b> |
|--------------------------|--|-----------------------|---------------|
| Shreya Mitra             | Company Secretary and Compliance Officer | October 08, 2019      | Appointment   |
| Subbarami Reddy Oruganti | Chief Financial Officer                  | March 30, 2019        | Appointment   |

The attrition of the key management personnel is as per the industry standards.

### **Employees' Stock Option Plan**

As on date of this Draft Red Herring Prospectus, our Company does not have any employee stock option plan or purchase schemes for our employees.

### **Loans taken by Directors / Key Management Personnel**

Our Company has not granted any loans to the Directors and/or Key Management Personnel as on the date of this Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP

The Board of Directors of our Company in their meeting dated January 09, 2020 have reclassified our Promoter Rabindra Prasad Sinha, Chidambarnathan Shanmuganathan, Amit Raj Sinha and RPS Projects & Developers Private Limited are the Promoters of our Company. As on the date of this Draft Red Herring Prospectus, our Promoters hold, in aggregate of 4,096,570 Equity Shares, constituting 53.32% of our pre – Issue issued, subscribed and paid-up equity share capital of our Company. For details of the build-up of our Promoters’ shareholding in our Company, see “*Capital Structure –Details of Build-up of our Promoter’s shareholding*” on page 89 of this Draft Red Herring Prospectus.

### Details of our Promoters

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#### RABINDRA PRASAD SINHA



Rabindra Prasad Sinha, aged 70 years, is the Promoter and Whole-time Director of our Company.

For details of his educational qualifications, experience, other directorships, positions / posts held in the past and other directorships and special achievements, see the chapter titled “*Our Management*” on page 202 of this Draft Red Herring Prospectus.

**Date of birth:** September 01, 1950

**Permanent account number:** AQCP0863K

**Aadhar card number:** 7811 9435 4085

**Address:** Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Tirumalagiri, Hyderabad -500 049, Telangana, India.

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#### CHIDAMBARNATHAN SHANMUGANATHAN



Chidambarnathan Shanmuganathan, aged 77 years, is the Promoter and Whole-time Director of our Company.

For details of his educational qualifications, experience, other directorships, positions / posts held in the past and other directorships and special achievements, see the chapter titled “*Our Management*” on page 202 of this Draft Red Herring Prospectus.

**Date of birth:** May 10, 1943

**Permanent account number:** AIYPS9533N

**Aadhar card number:** 6350 9419 6659

**Driving license number:** 2088/RRD/1994OS

**Address:** Plot number 33, HIG Phase -II, Ushodaya Enclave, Reliance Fresh, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad - 500 049, Telangana, India.

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**AMIT RAJ SINHA**

Amit Raj Sinha, aged 47 years, is the Promoter, Managing Director and the Chief Executive Officer of our Company.

For details of his educational qualifications, experience, other directorships, positions / posts held in the past and other directorships and special achievements, see the chapter titled “*Our Management*” on page 202 of this Draft Red Herring Prospectus.

**Date of birth:** September 18, 1973

**Permanent account number:** ABLPS9427R

**Aadhar card number:** 7861 5710 7932

**Driving license number:** TS00720170004469

**Address:** Plot number 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Tirumalagiri, Miyapur, Serilingampally, Ranga Reddy, Hyderabad -500 049, Telangana, India.

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**Other Ventures of our Promoters**

The ventures in which our Promoters are involved in are as follows:

a) Rabindra Prasad Sinha

| Name of the Venture                       | Nature of Interest  |
|---|---|
| RPS Projects & Developers Private Limited | Director and shareholder holding 38.68% of the equity share capital |
| Sigachi US Inc.                           | Director  |

b) Chidambarnathan Shanmuganathan

| Name of the Venture                                | Nature of Interest   |
|--|--|
| Pashamylaram Common Infrastructure Private Limited | Director   |
| Chian Bio Private Limited                          | Director and shareholder holding 0.06% of the equity share capital |

c) Amit Raj Sinha

| Name of the Venture                       | Nature of Interest  |
|---|---|
| RPS Projects & Developers Private Limited | Director and shareholder holding 24.76% of the equity share capital |
| M/s. Sunrise Enterprises                  | Partner (60%)   |

Our Company confirms that the permanent account number, bank account number and passport number of our Promoters shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

**A. Corporate Promoter***Corporate Information*



Our Corporate Promoter, was incorporated on March 15, 2007 as a private limited company under the name 'RPS Projects & Developers Private Limited'. The registered office of RPS Projects & Developers Private Limited is situated at Plot No. 40, Ushodaya Enclave, BHEL HIG Phase-II, Madinaguda, Hyderabad – 500 049, Telangana, India.

RPS Projects & Developers Private Limited is engaged in the business of *inter alia*, purchasing, selling, developing, taking in exchange or leasing, hiring or otherwise acquiring, whether for investment or sale, any real or personal estate including lands, mines, business, buildings, factories, etc. for in consideration for a gross sum or rent or for any other consideration and leasing or otherwise apartments therein and to provide for the conveniences commonly provided in flats, suites and residential and business quarters.

RPS Projects & Developers Private Limited has not changed its activities from the date of its incorporation.

The promoters of RPS Projects & Developers Private Limited are Rabindra Prasad Sinha, Amit Raj Sinha and Nitin Raj Sinha.

*Board of Directors:*

The Board of Directors of RPS Projects & Developers Private Limited are as follows:

| S. No. | Name of the Director  | Designation         |
|--------|-----------------------|---------------------|
| 1.     | Rabindra Prasad Sinha | Director            |
| 2.     | Amit Raj Sinha        | Director            |
| 3.     | Swati Sinha           | Whole-time Director |

*Change in Control*

There has not been a change in control of RPS Projects & Developers Private Limited in the preceding three years.

*Shareholding Pattern:*

The authorised share capital of RPS Projects & Developers Private Limited is ₹ 50,000,000 divided into 5,000,000 equity shares of face value of ₹10 each and the issued and paid-up share capital of RPS Projects & Developers Private Limited is ₹ 33,764,000 divided into 3,376,400 equity shares of face value ₹10 each.

The shareholding pattern of RPS Projects & Developers Private Limited is as follows:

| S. No.       | Name of the Shareholder     | Number of Equity Shares held | Percentage of the shareholding (in %) |
|--------------|-----------------------------|------------------------------|---------------------------------------|
| 1.           | Rabindra Prasad Sinha       | 13,05,958                    | 38.68                                 |
| 2.           | Amit Raj Sinha              | 8,36,042                     | 24.76                                 |
| 3.           | Nitin Raj Sinha             | 3,85,000                     | 11.40                                 |
| 4.           | Swati Sinha                 | 87,500                       | 2.60                                  |
| 5.           | Smita Sinha                 | 1,00,000                     | 2.96                                  |
| 6.           | Sudha Sinha                 | 1,31,500                     | 3.90                                  |
| 7.           | Portia Sinha                | 1,55,000                     | 4.60                                  |
| 8.           | Karan Raj Sinha             | 10,000                       | 0.30                                  |
| 9.           | Saloni Sinha                | 10,000                       | 0.30                                  |
| 10.          | Mohammed Aryan              | 5,000                        | 0.15                                  |
| 11.          | Ananya Sinha                | 7,500                        | 0.22                                  |
| 12.          | Akansha Sinha               | 7,500                        | 0.22                                  |
| 13.          | Amit Raj Sinha Family Trust | 2,34,400                     | 6.94                                  |
| 14.          | Amit Raj Sinha (HUF)        | 10,000                       | 3.00                                  |
| <b>Total</b> |                             | <b>32,75,400</b>             | <b>100.00</b>                         |

Our Company confirms that the permanent account number, bank account number(s), company registration number and the address of the registrar of companies where RPS Projects & Developers Private Limited is registered, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus.

### **Change in Control of our Company**

Our Promoters are the original promoters of our Company and the control of our Company has not been acquired during five years immediately preceding this Draft Red Herring Prospectus.

### **Experience of our Promoters in the business of our Company**

For details in relation to experience of our Promoters in the business of our Company, please refer to the chapter titled “*Our Management*” beginning on page 202 of this Draft Red Herring Prospectus.

### **Interest of our Promoter**

#### *Interest in promotion of our Company*

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding in our Company and the dividends payable, if any, and any other distributions in respect of their shareholding in our Company or the shareholding of their relatives in our Company. For details of the shareholding and directorships of our Promoters in our Company, please refer to the chapter titled “*Capital Structure*”, “*Our Management*” and “*Related Party Transactions*” beginning on page 81, 202 and 230, respectively of this Draft Red Herring Prospectus.

#### *Interest of Promoters in our Company other than as a Promoter*

Our Promoters, Amit Raj Sinha is the Managing Director and Chief Executive Officer, Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan are the Whole-time Directors of our Company therefore, may be deemed to be considered interested to the extent of any remuneration which shall be payable to them in such capacity. Our Promoter and Whole-time Director, Rabindra Prasad Sinha is the Director of our Subsidiary, Sigachi U.S. Inc. Our Company is the associate company of our Corporate Promoter, RPS Projects & Developers Private Limited and our Corporate Promoter may be deemed to be interested to such extent in our Company. Our Promoters, Rabindra Prasad Sinha and RPS Projects and Developers Private Limited have mortgaged their personal properties for the purpose of the term loan availed by our Company from Kotak Mahindra Bank. For details of the properties and the loan availed by our Company, please refer to the chapter titled “*Financial Indebtedness*” at page 296 of this Draft Red Herring Prospectus.

Except as stated in this section and the section titled “*Our Management*” and “*Related Party Transactions*” on pages 202 and 230, respectively, our Promoters do not have any interest in our Company other than as a Promoter.

#### *Interest in the properties of our Company*

Our Promoter, Managing Director and Chief Executive Officer, Amit Raj Sinha receives monthly rents of ₹ 0.60 for the guest house which has been leased by him to our Company *vide* house lease deed dated July 01, 2019. Further, our Company has taken the property situated at Plot Number G. 57/2, I/P, Sultanpur, Ameenpur (M), Sangareddy District, Telangana – 502 032, Hyderabad, India on lease from our Corporate Promoter, RPS Projects and Developers Private Limited for constructing our corporate office. The lease shall become effective from September 01, 2021 and shall be in force for a period of ten (10) years from such date. For further details please refer to the heading “*Land and Property*” in the chapter titled “*Our Business*” at page 177 of this Draft Red Herring Prospectus.

Except as disclosed in the section titled “*Financial Information*” and the chapter titled “*Related Party Transaction*” on pages 232 and 230 our Promoters are not interested in the properties acquired by our Company in the three years preceding the date of filing of this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery.

## **Other Interest and Disclosures**

Our Promoters, Rabindra Prasad Sinha and Amit Raj Sinha are shareholders and directors on the board of our Corporate Promoter, RPS Projects and Developers Private Limited, therefore they may be deemed to be interested to the extent of any remuneration or reimbursement payable to them in the capacity of a director, or any dividend or distribution payable in respect of the equity shares held. Additionally, Rabindra Prasad Sinha is also the Director on the board of our wholly owned subsidiary, Sigachi U.S. Inc. and therefore, he may be deemed to be interested in such capacity. For further details, please see chapters titled “*Our Management*”, “*Our Subsidiary*” and “*Related Party Transactions*” on pages 202, 200 and 230, respectively of this Draft Red Herring Prospectus.

In addition to the above, the members of our Promoter Group, namely Sudha Sinha and Dr. Dharani Devi who are also related to our Promoters Rabindra Prasad Sinha and Chidambarnathan Shanmuganathan have mortgaged their personal properties for the purpose of the term loan availed by our Company from Kotak Mahindra Bank. Dr. Dharani Devi has also extended her personal guarantee in favour of the above loan. For details of the properties and the loan availed by our Company, please refer to the chapter titled “*Financial Indebtedness*” at page 296 of this Draft Red Herring Prospectus.

Our Promoters are not interested in any transaction in acquisition of land or property, construction of building and supply of machinery, or any other contract, agreement or arrangement entered into by the Company and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

## **Payment or benefits to our Promoters and Promoter Group during the last two years**

C. Bhavani Shanmugam, who is the son of our Promoter, Chidambarnathan Shanmuganathan is a Director on the board of our Subsidiary; however he is not paid any amount of remuneration for the same. Further, Nitin Raj Sinha who is one of the promoter of our Corporate Promoter is the shareholder of our Company and may be deemed to be interested to the extent of his shareholding in our Company and the dividends payable, if any, and any other distributions in respect of his shareholding in our Company or the shareholding of his relatives in our Company. Further, Swati Sinha, member of our Promoter Group and wife of Amit Raj Sinha has provided her property situated at Flat number 501, SM Royale, Chandanagar, Hyderabad – 500 050, Telangana, India on a lease basis to our Company *vide* a house lease deed dated April 01, 2017 on payment of a monthly rent of ₹ 55,000. Further, our Company has entered into a deed of assignment dated April 04, 2019 with Amit Raj Sinha Family Trust, one of our promoter group entities. *Vide* this deed of assignment; our Company on receiving a consideration of ₹ 2.40 lacs from the trust has assigned the some of the trademarks were registered in our name or in the name of Sigachi Plasticisers Private Limited (which are now amalgamated with our Company) to the trust. For details of the trademarks assigned by our Company to the trust, please refer to the heading titled “*Intellectual Property Related Approvals*” in the chapter titled “*Government and Other Statutory Approvals*” on page 315.

For details of the amount of benefits received during the preceding two years by members of our Promoter Group, please refer to the chapter titled “*Related Party Transactions*” on page 230 of this Draft Red Herring Prospectus. For further details, please refer to the chapters titled “*Our Business – Land and Property*”, “*Our Subsidiary*” and “*Related Party Transactions*” at pages 177, 200 and 230 of this Draft Red Herring Prospectus.

Except as stated in this chapter and the benefits mentioned in the related party transactions as per AS-18 there has been no payment of any amount of benefits to our Promoters or the members of our Promoter Group during the last two years from the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter group as on the date of this Draft Red Herring Prospectus. For further details, please refer to the chapter titled “*Related Party Transactions*” on page 230 of this Draft Red Herring Prospectus.

## **Litigations involving our Promoters**

For details of legal and regulatory proceedings involving our Promoter, see “*Outstanding Litigation and Material Development*” in page 302.

## Guarantees

Except as mentioned in chapter titled “*Financial Indebtedness*” on page 296 of this Draft Red Herring Prospectus, our Promoters have not given any guarantees to third parties in respect of our Company and the Equity Shares that are outstanding as of the date of filing of this Draft Red Herring Prospectus.

## Details of Companies / Firms from which our Promoters has disassociated in the last three years

Except as mentioned herein, our Promoters have not disassociated himself from any company/firm during the three years preceding this Draft Red Herring Prospectus.

## B. OUR PROMOTER GROUP

In addition to our Promoter, the following individuals and entities form part of our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations:

### *Individuals forming part of the Promoter Group:*

| Name of the Promoter            | Name of the member of Promoter Group | Relationship with the Promoter |
|---------------------------------|--------------------------------------|--------------------------------|
| Rabindra Prasad Sinha           | Late Harnandan Sharma                | Father                         |
|                                 | Late Mundrika Devi                   | Mother                         |
|                                 | Sudha Sinha                          | Spouse                         |
|                                 | Ashok Kumar Priyadarshi              | Brother                        |
|                                 | Bimla Sharma                         | Sister                         |
|                                 | Amit Raj Sinha                       | Son                            |
|                                 | Nitin Raj Sinha                      | Son                            |
|                                 | Smita Sinha                          | Daughter                       |
|                                 | Late Lakhan Lal Sinha                | Spouse's father                |
|                                 | Late Bhagwati Devi                   | Spouse's mother                |
|                                 | Bhupendar Prasad Sinha               | Spouse's brother               |
| Chidambaranathan Shanmuganathan | Late Shanmuganatha Pillai            | Father                         |
|                                 | Late Eshwari                         | Mother                         |
|                                 | Chidambaranathan Dharani Devi        | Spouse                         |
|                                 | Rajamani                             | Sister                         |
|                                 | Gomathi                              | Sister                         |
|                                 | Kalyani                              | Sister                         |
|                                 | Saraswati                            | Sister                         |
|                                 | Jayalakshmi                          | Sister                         |
|                                 | Bhavani Chidambaranathan             | Son                            |
|                                 | Karthika Thavamani                   | Daughter                       |
|                                 | Bodhinathan                          | Spouse's father                |
|                                 | Thavamani                            | Spouse's mother                |
|                                 | Kotishwaran                          | Spouse's brother               |
|                                 | Jitendra Kumar                       | Spouse's brother               |
|                                 | Sarala                               | Spouse's sister                |
|                                 | Aruna                                | Spouse's sister                |
|                                 | Shankarbhai                          | Spouse's sister                |
|                                 | Late Sujani                          | Spouse's sister                |
| Amit Raj Sinha                  | Rabindra Prasad Sinha                | Father                         |
|                                 | Sudha Sinha                          | Mother                         |
|                                 | Swati Sinha                          | Spouse                         |
|                                 | Nitin Raj Sinha                      | Brother                        |
|                                 | Smita Sinha                          | Sister                         |
|                                 | Karan Raj Sinha                      | Son                            |
|                                 | Saloni Sinha                         | Daughter                       |
|                                 | Ashok Kumar Moudgil                  | Spouse's father                |
|                                 | Gagan Moudgil                        | Spouse's mother                |
|                                 | Namtra Moudgil                       | Spouse's sister                |

***Entities forming part of the Promoter Group:***

Except as stated below, no other company, firm or HUF are forming part of the promoter group:

| <b>Sr. No.</b> | <b>Name of the entity</b>   |
|----------------|-----------------------------|
| 1.             | RPS Family Trust            |
| 2.             | Amit Raj Sinha Family Trust |
| 3.             | Amit Raj Sinha HUF          |
| 4.             | Chian Bio Private Limited   |
| 5.             | M/s. Sunrise Enterprises    |

**Other Confirmations**

None of our Promoters and members of the Promoter Group have been declared as wilful defaulters by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Promoter, Promoter Group entities or Subsidiaries have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoter.

## **OUR GROUP COMPANIES**

In terms of the SEBI ICDR Regulations and the applicable accounting standards (Accounting Standard 18 and Indian Accounting Standard 24), for the purpose of identification of “group companies” in relation to the disclosure in Offer Documents, our Company has considered the companies with which there have been related party transactions in the last three years, as disclosed in the section titled “*Financial Information*” on page 232 of this Draft Red Herring Prospectus. Pursuant to a resolution of our Board of Directors passed in their meeting dated August 26, 2020, for the purpose of disclosure in the Offer Documents for the Issue, a company shall be considered material and disclosed as a ‘Group Company’ if (i) our Company has entered into one or more related party transactions with such company in the previous three fiscal years and (ii) any other company/entity which the Board may decide to consider material. Accordingly, pursuant to the said resolution passed by our Board of Directors and based on the criteria adopted in the materiality policy, as on date of this Draft Red Herring Prospectus, our Company does not have any Group Companies.

## **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, during the last three Fiscals, as per the requirements under the relevant accounting standards and as reported in the Restated Financial Information, see “*Restated Consolidated Financial Information - Annexure VI- Notes to Financial Information- Note 34 – Related Party Transactions*” on page 272 of this Draft Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Upon the listing of the Equity Shares of our Company and subject to the SEBI Listing Regulations, we may be required to formulate a dividend distribution policy which shall be required to include, among others, details of circumstances under which the shareholders may or may not expect dividend, the financial parameters that shall be considered while declaring dividend, internal and external factors that shall be considered for declaration of dividend, policy as to how the retained earnings will be utilized and parameters that shall be adopted with regard to various classes of shares, as applicable.

### *Dividends paid on Equity Shares:*

The dividends declared by the Company on the Equity Shares in each of the Financial Years ending 2018, 2019 and 2020, as per our Restated Financial Statements is given below:

| Particulars                        | Financial Performance                |                                      |                                      |
|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                    | For the year ended<br>March 31, 2020 | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| Face value per share (in ₹)        | 10                                   | 10                                   | 10                                   |
| Amount of Dividend<br>(in ₹ lacs)* | 76.83                                | 30.73                                | 30.73                                |
| Dividend per share (in ₹)          | 01                                   | 01                                   | 01                                   |
| Rate of dividend (%)               | 10                                   | 10                                   | 10                                   |
| Dividend Tax (%)                   | Nil                                  | 15                                   | 15                                   |

\* *Excluding dividend distribution tax*

The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see “*Risk Factor No. 57 – Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*” on page 51 of this Draft Red Herring Prospectus.



## SECTION V – FINANCIAL INFORMATION

### RESTATED FINANCIAL INFORMATION

| S. No. | Details                                     | Page Number |
|--------|---|-------------|
| 1.     | Restated Consolidated Financial Information | 233         |
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| 3.     | Capitalization Statement                    | 283         |

In accordance with the SEBI ICDR Regulations, the standalone audited financial information of our Company for Fiscals 2020, 2019 and 2018 are available on our website at [www.sigachi.com](http://www.sigachi.com).

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**The Board of Directors**

**Sigachi Industries Limited**

(Formerly known as Sigachi Industries Private Limited)

229/1 & 90, 4th floor, Kalyan's Tulsiram Chambers

Madinaguda, Hyderabad - 500 049

Telangana, India

**Auditor's Report on Restated Consolidated Financial Information of Sigachi Industries Limited**

Dear Sirs,

- 1) We have examined the attached Restated Consolidated Financial Information of Sigachi Industries Limited (*formerly known as Sigachi Industries Private Limited*) (the “**Company**” or the “**Issuer**”) comprising the Restated Consolidated Statement of Assets and Liabilities (Annexure I) for each of the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018, the Restated Consolidated Statements of Profit and Loss (Annexure II) (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity (Annexure III), the Restated Consolidated Cash Flow Statement (Annexure IV) for each of the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018, the Restated Consolidated Summary Statement of Significant Accounting Policies, and other explanatory information (Annexure V) (collectively, the “Restated Consolidated Financial Information”), as approved by the Board of Directors of the Company at its meeting held on September 18, 2020 for the purpose of inclusion in the Draft Red Herring Prospectus (“**DRHP**”), the Red Herring Prospectus (“**RHP**”) and the Prospectus (DRHP, RHP and Prospectus collectively referred to as “**Offer Documents**”) prepared by the Company in connection with its proposed Initial Public Offer of equity shares (“**IPO**”) in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the “**Act**”) read with Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the “**Rules**”);
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time pursuant to the provisions of the Securities and Exchange Board of India Act, 1992 (“**SEBI ICDR Regulations**”); and
  - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“**ICAI**”), as amended from time to time (the “**Guidance Note**”).
- 2) The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) and Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 of Annexure V to the Restated Consolidated Financial Information. The responsibility of the Board of Directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, SEBI ICDR Regulations and the Guidance Note.
- 3) We have examined such Restated Consolidated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 10<sup>th</sup> February 2020 in connection with the proposed IPO of equity shares of the Company;

- b) The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - d) The requirements of Section 26 of the Act and the SEBI ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the proposed IPO.
- 4) These Restated Consolidated Financial Information have been prepared under the Indian Accounting Standards (the “**Ind-AS**”) notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with Section 133 of the Act and have been compiled by the management from:
- a) The audited consolidated financial statements of the Company for the financial year ended March 31, 2020 prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at their meeting held on 31<sup>st</sup> July 2020 and audited by us and on which we issued our report dated 05<sup>th</sup> August 2020.
  - b) The audited consolidated financial statements of the company for the financial year ended March 31, 2019 prepared in accordance with Ind AS, as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, which have been approved by the Board of Directors at its meeting held on 03<sup>rd</sup> September 2019 and audited by us and on which we issued our report dated 03<sup>rd</sup> September 2019. The Restated Consolidated Financial Information also contains financial information as at and for the financial years ended March 31, 2018. The financial information have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the financial years ended March 31, 2018, respectively which have been approved by the Board of Directors at its meeting held on 25<sup>th</sup> May 2018 and audited by us and on which we issued our report dated 25<sup>th</sup> May 2018.
- 5) For the purpose of our examination, we have relied on:
- a) Auditors’ Report issued by us, dated 05<sup>th</sup> August, September 03, 2019, and May 25, 2018 on the financial statements of the Company for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 respectively, as referred in Paragraph 4 above.
- 6) There were no modifications to the audit reports on the financial statements issued by us for each of the financial years ended March 31, 2020, March 31, 2019 and March 31, 2018.
- 7) Based on our examination and according to the information and explanations given to for the respective years, we report that the Restated Consolidated Financial Information:
- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2020, 2019 and 2018 to reflect the same accounting treatment as per the accounting policies;
  - b) do not require any adjustments for the matters giving rise to modifications as stated in paragraph 6 above; and
  - c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

- 8) The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on Audited Ind AS financial statements as mentioned in the paragraph 4 above.
- 9) We have also examined the following Restated Consolidated Financial Statements set out in annexure prepared by the management and approved by the Board of Directors of the Company as under:
- a) Annexure V : Restated Statement of Significant Accounting Policies
  - b) Annexure VI : Notes to Restated Financial Information
  - c) Annexure VII : Restated Statement of Accounting Ratios
  - d) Annexure VIII : Restated Statement of Capitalization

According to the information and explanations given to us, in our opinion, the Restated Consolidated Financial Information and the above restated consolidated financial information contained in Annexures V to VIII accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure V, are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

- 10) This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
- 11) We have no responsibility to update our report for events and circumstances occurring after the date of this report.
- 12) Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, the Stock Exchanges and the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **T. Adinarayana & Co**  
Chartered Accountants  
Firm Registration Number: 000041S

**(Y Pulla Rao, FCA)**  
Proprietor  
Membership Number: 025266  
UDIN: 20025266AAAACK5226  
**Place:** Hyderabad

**Date:** September 18, 2020

**Annexure – I: Restated Consolidated Summary of Assets and Liabilities**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars                          | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--------------------------------------|------|-------------------|-------------------|-------------------|
| <b>ASSETS</b>                        |      |                   |                   |                   |
| <b>Non-current assets</b>            |      |                   |                   |                   |
| Property, plant and equipment        | 3    | 3,122.93          | 2,810.68          | 2,588.61          |
| Capital work-in-progress             | 4    | 313.26            | 228.61            | 69.26             |
| Other Intangible Assets              | 3    | 36.51             | 40.91             | -                 |
| <b>Financial assets</b>              |      |                   |                   |                   |
| Investments                          | 5    | -                 | -                 | 6.05              |
| Other financial assets               | 6    | 134.54            | 105.91            | 93.37             |
| Other non-current assets             | 7    | 100.04            | 32.13             | 27.78             |
| <b>Total non-current assets</b>      |      | <b>3,707.28</b>   | <b>3,218.23</b>   | <b>2,785.06</b>   |
| <b>Current assets</b>                |      |                   |                   |                   |
| Inventories                          | 8    | 2,792.42          | 2,256.18          | 1,597.37          |
| <b>Financial assets</b>              |      |                   |                   |                   |
| Trade receivables                    | 9    | 2,760.23          | 2,470.47          | 2,119.34          |
| Cash and cash equivalents            | 10   | 875.61            | 122.09            | 98.64             |
| Other bank balances                  | 11   | 183.37            | 91.14             | 158.07            |
| Other financial assets               | 12   | 463.17            | 827.37            | 422.40            |
| Other current assets                 | 13   | 132.32            | 160.769           | 47.95             |
| <b>Total current assets</b>          |      | <b>7,207.12</b>   | <b>5,928.02</b>   | <b>4,443.76</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>10,914.39</b>  | <b>9,146.25</b>   | <b>7,228.82</b>   |
| <b>EQUITY AND LIABILITIES</b>        |      |                   |                   |                   |
| <b>Equity</b>                        |      |                   |                   |                   |
| Equity share capital                 | 14   | 768.25            | 307.30            | 307.30            |
| Other equity                         |      | 5,690.27          | 4,180.97          | 2,326.83          |
| <b>Total Equity</b>                  |      | <b>6,458.52</b>   | <b>4,488.27</b>   | <b>2,634.13</b>   |
| <b>Liabilities</b>                   |      |                   |                   |                   |
| <b>Non-current liabilities</b>       |      |                   |                   |                   |
| <b>Financial liabilities</b>         |      |                   |                   |                   |
| Borrowings                           | 15   | 190.99            | 123.40            | 333.43            |
| Provisions                           | 16   | 70.65             | 54.20             | 57.71             |
| Deferred tax liabilities (net)       | 17   | 285.07            | 268.84            | 206.89            |
| <b>Total non-current liabilities</b> |      | <b>546.71</b>     | <b>446.44</b>     | <b>598.03</b>     |
| <b>Current liabilities</b>           |      |                   |                   |                   |
| <b>Financial liabilities</b>         |      |                   |                   |                   |
| Borrowings                           | 18   | 2,703.34          | 2,202.57          | 2,501.32          |

| Particulars   | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|------|-------------------|-------------------|-------------------|
| Trade payables  |      |                   |                   |                   |
| i)Total outstanding dues of micro and small enterprises                       |      | -                 | -                 | -                 |
| ii)Total outstanding dues of creditors other than micro and small enterprises | 19   | 723.14            | 884.41            | 835.89            |
| Other financial liabilities   | 20   | 143.61            | 193.13            | 206.17            |
| Other current liabilities   | 21   | 326.22            | 497.25            | 279.05            |
| Provisions  | 22   | 12.86             | 434.18            | 174.24            |
| <b>Total current liabilities</b>  |      | <b>3,909.17</b>   | <b>4,211.54</b>   | <b>3,996.66</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | <b>10,914.39</b>  | <b>9,146.25</b>   | <b>7,228.82</b>   |

The accompanying Restated Consolidated Summary of Significant Accounting Policies in Annexure – V and Notes to Restated Consolidated Financial information in Annexure - VI are an integral part of this statement.

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

**Annexure – II: Restated Consolidated Summary Statement of Profit & Loss Account**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars  | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|------|-------------------|-------------------|-------------------|
| Revenue from operations  | 23   | 13,906.26         | 12,898.81         | 10,073.00         |
| Other income   | 24   | 488.64            | 388.96            | 305.49            |
| <b>Total income</b>  |      | <b>14,394.90</b>  | <b>13,287.77</b>  | <b>10,378.49</b>  |
| <b>Expenses</b>  |      |                   |                   |                   |
| Cost of materials consumed   | 25   | 7,403.26          | 7,024.75          | 6,065.27          |
| Changes in inventories of finished goods, work in progress and stock in trade  | 26   | (194.38)          | (346.83)          | (184.50)          |
| Employee benefit expenses  | 27   | 1,491.35          | 1,236.79          | 894.12            |
| Finance costs  | 28   | 234.47            | 345.09            | 379.01            |
| Depreciation and amortization expense  | 3    | 195.70            | 167.19            | 139.29            |
| Other expenses   | 29   | 2,730.11          | 2,387.94          | 2,124.99          |
| <b>Total expenses</b>  |      | <b>11,860.51</b>  | <b>10,814.93</b>  | <b>9,418.19</b>   |
| <b>Profit/(loss) before extraordinary, exceptional items and tax</b>   |      | <b>2,534.39</b>   | <b>2,472.84</b>   | <b>960.30</b>     |
| <b>Extraordinary items</b>   |      | -                 | -                 | -                 |
| <b>Exceptional items</b>   |      | -                 | -                 | -                 |
| <b>Profit/(loss) before tax</b>  |      | <b>2,534.39</b>   | <b>2,472.84</b>   | <b>960.30</b>     |
| Tax expense  |      |                   |                   |                   |
| (i) Current tax  | 31   | 486.48            | 509.61            | 272.00            |
| (ii) Deferred tax  | 31   | 16.35             | 61.95             | (3.94)            |
| <b>Profit/(loss) for the period from continuing operations</b>   |      | <b>2,031.55</b>   | <b>1,901.27</b>   | <b>692.24</b>     |
| <b>Profit/(loss) for the period from discontinued operations</b>   |      | -                 | -                 | -                 |
| Tax expense of discontinued operations   |      | -                 | -                 | -                 |
| <b>Profit/(loss) for the period from Discontinued operations(after tax)</b>  |      | -                 | -                 | -                 |
| <b>Profit/(loss) for the period</b>  |      | <b>2,031.55</b>   | <b>1,901.27</b>   | <b>692.24</b>     |
| <b>Other comprehensive income</b>  |      |                   |                   |                   |
| <b>A.</b>  |      |                   |                   |                   |
| i) Items that will not be reclassified to profit and loss  | 32   | (0.40)            | 7.58              | 4.96              |
| ii) Income tax relating to items that will not be reclassified to profit or loss   | 32   | 0.12              | (1.89)            | (1.38)            |
| <b>B.</b>  |      |                   |                   |                   |
| i) Items that will be reclassified to profit and loss  |      | (20.61)           | (18.67)           | -                 |
| ii) Income tax relating to items that will be reclassified to profit or loss   |      | -                 | -                 | -                 |
| <b>Total Other Comprehensive Income</b>  |      | <b>(20.89)</b>    | <b>(12.98)</b>    | <b>3.58</b>       |
| <b>Total Comprehensive income for the period (Comprising profit(Loss) and other comprehensive Income for the period)</b> |      | <b>2,010.67</b>   | <b>1,888.29</b>   | <b>695.82</b>     |
| <b>Earnings per equity share(for continuing Operation)</b>   |      |                   |                   |                   |
| 1) Basic   | 33   | 26.44             | 24.75             | 9.01              |
| 2) Diluted   | 33   | 26.44             | 24.75             | 9.01              |

| Particulars   | Note | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|------|-------------------|-------------------|-------------------|
| <b>Earnings per equity share(for discontinued Operation)</b>                          |      |                   |                   |                   |
| 1) Basic  |      | -                 | -                 | -                 |
| 2) Diluted  |      | -                 | -                 | -                 |
| <b>Earnings per equity share(for discontinued Operation and continuing operation)</b> |      |                   |                   |                   |
| 1) Basic  |      | 26.44             | 24.75             | 9.01              |
| 2) Diluted  |      | 26.44             | 24.75             | 9.01              |

The accompanying Restated Consolidated Summary of Significant Accounting Policies in Annexure – V and Notes to Restated Consolidated Financial information in Annexure - VI are an integral part of this statement.

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**



**Annexure – III: Restated Consolidated Statement of Changes in Equity**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars                             | Equity share capital | Reserves & Surplus |                 |                   |                      |                 | Profit and loss | Other Comprehensive Income | Total Other Equity |
|---|----------------------|--------------------|-----------------|-------------------|----------------------|-----------------|-----------------|----------------------------|--------------------|
|   |                      | Securities premium | General Reserve | A.P State Subsidy | Amalgamation Reserve | Capital Reserve |                 |                            |                    |
| <b>Balance as at 1st April 17</b>       | <b>307.30</b>        | <b>164.54</b>      | <b>172.10</b>   | <b>4.37</b>       | <b>390.57</b>        | <b>-</b>        | <b>931.66</b>   | <b>2.49</b>                | <b>1,665.72</b>    |
| Current year                            | -                    | -                  | -               | -                 | -                    | 0.02            | 692.24          | -                          | 692.26             |
| <b>Appropriations</b>                   | -                    | -                  | -               | -                 | -                    | -               | -               | -                          | -                  |
| General Reserve                         | -                    | -                  | 16.15           | -                 | -                    | -               | (16.15)         | -                          | -                  |
| Dividend paid                           | -                    | -                  | -               | -                 | -                    | -               | (30.00)         | -                          | (30.00)            |
| Dividend distribution tax paid          | -                    | -                  | -               | -                 | -                    | -               | (6.11)          | -                          | (6.11)             |
| Other comprehensive Income for the year | -                    | -                  | -               | -                 | -                    | -               | -               | 4.96                       | 4.96               |
| <b>Balance as at 31st Mar 18</b>        | <b>307.30</b>        | <b>164.54</b>      | <b>188.26</b>   | <b>4.37</b>       | <b>390.57</b>        | <b>0.02</b>     | <b>1,571.64</b> | <b>7.45</b>                | <b>2,326.83</b>    |
| Current year                            | -                    | -                  | -               | -                 | -                    | -               | 1,901.27        | -                          | 1,901.27           |
| Foreign currency translation reserve    | -                    | -                  | -               | -                 | -                    | -               | -               | (18.67)                    | (18.67)            |
| <b>Appropriations</b>                   | -                    | -                  | -               | -                 | -                    | -               | -               | -                          | -                  |
| General Reserve                         | -                    | -                  | 47.53           | -                 | -                    | -               | (47.53)         | -                          | -                  |
| Dividend paid                           | -                    | -                  | -               | -                 | -                    | -               | (30.73)         | -                          | (30.73)            |
| Dividend distribution tax paid          | -                    | -                  | -               | -                 | -                    | -               | (5.32)          | -                          | (5.32)             |
| Other comprehensive Income for the year | -                    | -                  | -               | -                 | -                    | -               | -               | 7.58                       | 7.58               |
| <b>Balance as at 31st Mar 19</b>        | <b>307.30</b>        | <b>164.54</b>      | <b>235.79</b>   | <b>4.37</b>       | <b>390.57</b>        | <b>0.02</b>     | <b>3,389.33</b> | <b>(3.64)</b>              | <b>4,180.97</b>    |
| <b>Current year :</b>                   |                      |                    |                 |                   |                      |                 |                 |                            |                    |
| Profit/(Loss)                           | -                    | -                  | -               | -                 | -                    | -               | 2,031.55        | -                          | 2,031.55           |
| Bonus issue                             | 460.95               | -                  | -               | -                 | -                    | -               | -               | -                          | -                  |
| Foreign currency translation reserve    | -                    | -                  | -               | -                 | -                    | -               | -               | (20.61)                    | (20.61)            |
| <b>Appropriations</b>                   | -                    | -                  | -               | -                 | -                    | -               | -               | -                          | -                  |
| Bonus issue                             | -                    | -                  | -               | -                 | -                    | -               | (460.95)        | -                          | (460.95)           |
| General Reserve                         | -                    | -                  | 51.06           | -                 | -                    | -               | (51.06)         | -                          | -                  |
| Dividend paid                           | -                    | -                  | -               | -                 | -                    | -               | (30.73)         | -                          | (30.73)            |
| Dividend distribution tax paid          | -                    | -                  | -               | -                 | -                    | -               | (5.32)          | -                          | (5.32)             |

| Particulars                             | Equity share capital | Reserves & Surplus |                 |                   |                      |                 | Profit and loss | Other Comprehensive Income | Total Other Equity |
|---|----------------------|--------------------|-----------------|-------------------|----------------------|-----------------|-----------------|----------------------------|--------------------|
|   |                      | Securities premium | General Reserve | A.P State Subsidy | Amalgamation Reserve | Capital Reserve |                 |                            |                    |
| Plant and Machinery                     | -                    | -                  | -               | (4.37)            | -                    | -               | -               | -                          | (4.37)             |
| Other comprehensive Income for the year | -                    | -                  | -               | -                 | -                    | -               | -               | (0.28)                     | (0.28)             |
| <b>Balance as at 31st Mar 20</b>        | <b>768.25</b>        | <b>164.54</b>      | <b>286.84</b>   | <b>-</b>          | <b>390.57</b>        | <b>0.02</b>     | <b>4,872.83</b> | <b>(24.53)</b>             | <b>5,690.27</b>    |

The accompanying Restated Consolidated Summary of Significant Accounting Policies in Annexure – V and Notes to Restated Consolidated Financial information in Annexure - VI are an integral part of this statement.

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

**Annexure – IV: Restated Consolidated Summary Statement of Cash Flows**

(All Amounts in ₹ lacs, unless stated otherwise)

| <b>Particulars</b>  | <b>As at 31st Mar 20</b> | <b>As at 31st Mar 19</b> | <b>As at 31st Mar 18</b> |
|---|--------------------------|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>   |                          |                          |                          |
| Profit/(loss) before tax  | 2,534.39                 | 2,472.84                 | 960.30                   |
| <b>Adjustments to reconcile net loss to net cash provided by operating activities</b> |                          |                          |                          |
| Depreciation and amortisation   | 195.70                   | 167.19                   | 139.29                   |
| (Profit)/loss on sale of fixed assets   | -                        | 4.34                     | 2.38                     |
| Scrap sales   | (0.07)                   | (6.86)                   | -                        |
| Forex difference  | (20.61)                  | (18.67)                  | -                        |
| Gratuity and compensated absence  | (0.40)                   | 7.58                     | 4.96                     |
| Finance costs   | 234.47                   | 345.09                   | 379.01                   |
| Interest income   | (6.71)                   | (8.76)                   | (8.62)                   |
| <b>Changes in Current assets and Current liabilities</b>                              |                          |                          |                          |
| Inventories   | (536.24)                 | (658.81)                 | (151.49)                 |
| Trade receivables   | (289.76)                 | (440.37)                 | (674.33)                 |
| Trade payables  | (161.27)                 | 48.52                    | 45.81                    |
| Other assets  | 392.65                   | (428.56)                 | (89.48)                  |
| Other liabilities   | (641.88)                 | 465.10                   | 288.14                   |
| <b>Cash generated from operations</b>   | <b>1,700.28</b>          | <b>1,948.63</b>          | <b>895.98</b>            |
| Income taxes paid   | (486.48)                 | (509.61)                 | (272.00)                 |
| Cash flow from non operating activities -Scrap sale                                   | 0.07                     | 6.86                     | -                        |
| <b>Net cash flow from operating activities (A)</b>                                    | <b>1,213.86</b>          | <b>1,445.88</b>          | <b>623.98</b>            |
| <b>Cash flows from investing activities</b>   |                          |                          |                          |
| Purchase of property, plant and equipment   | (592.59)                 | (593.85)                 | (446.32)                 |
| Interest income   | 6.71                     | 8.76                     | 8.62                     |
| Investments   | -                        | 6.05                     | 3.98                     |
| Other assets  | (96.54)                  | (16.89)                  | 54.51                    |
| <b>Net cash flow used in investing activities (B)</b>                                 | <b>(682.41)</b>          | <b>(595.93)</b>          | <b>(379.20)</b>          |
| <b>Cash flow from financing activities</b>  |                          |                          |                          |
| Proceeds/(Repayment) of long-term borrowings (net)                                    | 67.59                    | (210.03)                 | (56.57)                  |
| Proceeds/(Repayment) of short-term borrowings (net)                                   | 500.77                   | (298.75)                 | 144.26                   |
| Finance costs   | (234.47)                 | (345.09)                 | (379.01)                 |
| Dividend and DDT  | (36.05)                  | (36.05)                  | (36.11)                  |
| Other liabilities   | 16.45                    | (3.51)                   | 11.86                    |
| <b>Net cash flow (used in)/from financing activities (C)</b>                          | <b>314.29</b>            | <b>(893.42)</b>          | <b>(315.58)</b>          |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>                              | <b>845.74</b>            | <b>(43.47)</b>           | <b>(70.80)</b>           |
| Cash and cash equivalents at the beginning of the year                                | 213.24                   | 256.70                   | 327.51                   |

| Particulars                                      | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|-------------------|-------------------|-------------------|
| Cash and cash equivalents at the end of the year | 1,058.98          | 213.24            | 256.70            |

The accompanying Restated Consolidated Summary of Significant Accounting Policies in Annexure – V and Notes to Restated Consolidated Financial information in Annexure - VI are an integral part of this statement.

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

## **Annexure V: Restated Consolidated Summary of Significant Accounting Policies**

### **1. Corporate Information**

Sigachi Industries Limited (The Parent Company) together with its subsidiary is a leading manufacturer of high quality and consistent Microcrystalline Cellulose Powder .The Company is headquartered in Hyderabad and has its registered office at 229/1&90, Kalyan's Tulsiram Chambers, Madinaguda, Hyderabad – 500 049, Telangana, India. It was incorporated under Companies Act as private limited company and is currently an unlisted public limited company. It has got three production facilities spread across India .The principal accounting policies applied in the preparation of the financial statements are set out below.

### **2. Basis of preparation and presentation of Financial Statements**

The restated financial statements of the company has been specifically prepared for inclusion in the document to be filed by the company with the Securities and Exchange Board of India ("SEBI"),Registrar of Companies ("ROC") and Stock Exchanges in connection with proposed Initial Public Offering ("IPO") of the equity shares of the company (referred to as the "Issue").The Restated financial information comprise of the restated statement of assets and liabilities as at March 31, 2020 , March 31, 2019,and March 31, 2018 , the restated statement of profit and loss , the restated statement of changes in equity and restated statement of cash flows for the period ended March 31, 2020, March 31,2019, and March 31, 2018 and accompanying restated statements of significant accounting policies and notes to restated financial information (hereinafter collectively referred to as "the Restated Financial Information").

The restated financial information has been prepared to comply in all material respects with requirements of section 26 of Part 1 of chapter III of the Companies act 2013 ("the act") and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations ,2018 ("ICDR Regulations").

For all periods up to and including the year ended March 31,2018 , the company prepared its financial statements in accordance with accounting standards notified under section 133 of the companies act 2013, read together with paragraph 7 of the Companies (Accounts) Rules ,2014(Indian GAAP) and has been translated into figures as per Ind AS to align with accounting policies ,exemptions and disclosures as adopted by the company on its first time adoption of Ind AS on April 1,2017("transition date").

The Financial Statements for the year ended 31st March, 2018 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in notes.

#### **a. Basis of Consolidation:**

##### **Subsidiaries:**

Subsidiaries are all entities (including special purpose entities) that are controlled by the Company. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiaries are included in these consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests (“NCI”) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Financial statements of the company and its subsidiary are combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances and intra group transactions resulting in unrealized profit or losses, except where cost cannot be recovered.

For the purpose of preparing these consolidated financial statements, the accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Company.

**b. Foreign Currency:**

**i. Foreign Currency Transactions:**

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the consolidated statement of profit and loss in the period in which they arise

**ii. Foreign Operations:**

Foreign exchange gains and losses arising from a monetary item receivable from a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognised in OCI and presented within equity as a part of foreign currency translation reserve (“FCTR”).

In case of foreign operations whose functional currency is different from the parent company’s functional currency, the assets and liabilities of such foreign operations, including goodwill and fair value adjustments arising upon acquisition, are translated to the reporting currency at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to the reporting currency at the monthly average exchange rates prevailing during the year. Resulting foreign currency differences are recognised in OCI and presented within equity as part of FCTR. When a foreign operation is disposed of, in part or in full, such that control, significant influence or joint control is lost, the relevant amount in the FCTR is transferred to the consolidated statement of profit and loss.

**2.1 Basis of Measurement:**

All assets and liabilities are classified into current and non-current based on the operating cycle of twelve months or based on the criteria of realisation/settlement within twelve months period from the reporting/ balance sheet date.

**Assets:** An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date

**Liabilities:** A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date;
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively.

All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.

## **2.2 Operating Cycle:**

Operating cycle is the time between the acquisition of assets for processing and their in cash and cash equivalents. The company has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

## **2.3 Accounting Estimates:**

The preparation of the financial statements, in conformity with the recognition and measurement principles of Ind AS, requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operation during the reported period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates which are recognized in the period in which they are determined.

- A. **Depreciation and amortization:** Depreciation and amortization is based on Schedule II to the Companies Act, 2013, which describes useful lives of property, plant and equipment and intangible assets.
- B. **Provisions and contingencies:** Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.
- C. **Fair Valuation:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows: Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the

measurement date; Level 2: Inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3: Inputs are unobservable inputs for the asset or liability. For assets and liabilities that are recognized in the Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured or reassessed in line with the Company's Accounting Policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### **2.4 Critical Accounting Judgements and Key source of estimation uncertainty operating cycle:**

In the application of the company's accounting policies, the management of the company are required to make judgments, estimates, and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognized in the period in which the estimates is revised if the revision effects only that period or in the period of the revision and future periods in the revision effects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the company's accounting policies and that have the most significant effects on the amounts recognized in the financial statements.

#### **2.5 Provisions and contingent liability:**

On an ongoing basis, Company reviews pending cases, claims by third parties and other. For contingent losses that are considered probable an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible or not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

#### **2.6 Useful lives of depreciable assets:**

Management reviews the useful lives of depreciable assets at each reporting. As at March 31, 2020 management assessed that the useful lives represent the expected utility of the assets to the company. Further, there is no significant change in the useful lives as compared to previous year.

#### **2.7 Functional and presentation currency:**

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees.

#### **2.8 Property Plant & Equipment:**

##### **Revenue Recognition and Management**



Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up. Property, Plant and Equipment which are not ready for intended use as on the date of balance sheet are disclosed as "Capital Work -in-Progress". Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses.

### **Depreciation**

Depreciation is recognized in the statement of profit and loss on Straight line basis over the estimated useful lives of property, plant and equipment based on Schedule - II to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on pro rata basis. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period with the effect of any changes in estimated useful lives residual values and impairment loss, if any, and are accounted for on a prospective basis.

## **2.9 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **A. Financial Assets**

#### **i. Initial Recognition**

In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**ii. Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified in the following categories:

**a. Financial Assets at Amortized Cost**

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in finance income using the effective interest rate (“EIR”) method. Impairment gains or losses arising on these assets are recognized in the Statement of Profit and Loss.

**b. Financial Assets Measured at Fair Value**

Financial assets are measured at fair value through OCI if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the Statement of Profit and Loss. Investment in Equity Instruments are designated as Financial Assets measured at fair value through OCI and Investments in Mutual Funds are designated as Financial Assets measured at fair value through statement of Profit & Loss on date of transition.

**c. Impairment of Financial Assets**

In accordance with Ind AS 109, expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. As Company trade receivables are realized within normal credit period adopted by the company, hence the financial assets are not impaired.

**d. De-recognition of Financial Assets**

The Company de-recognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

**B. Financial Liabilities**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements

entered into and the definitions of a financial liability and an equity instrument.

**i. Initial Recognition**

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables as appropriate. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**ii. Subsequent Measurement**

The measurement of financial liabilities depends on their classification, as described below:

**a. Financial Liabilities of FVPL**

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**iii. De-recognition of financial liabilities**

Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

**Impairment of non-financial assets**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generated Units (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

**2.10 Cash and Cash Equivalents:**

Cash and Bank balances comprise of cash balance in hand, in current accounts with banks and Bank Fixed Deposits with maturity of 3 months or less than 3 months.

## **2.11 Employee Benefits:**

### **Short Term Employee Benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined Contribution Plan**

Employee State Insurance is a defined contribution scheme of the Government of India under which both the employer and employee contribute on a monthly basis at a pre-determined rate and the Company has no further obligation.

### **Defined Contribution Benefits**

The Company has an obligation towards gratuity, a defined benefit plan covering eligible employees. The plan provides for lump sum payment on retirement, death while in employment or on separation.

## **2.12 Borrowing Cost:**

Borrowing costs are charged to the Statement of Profit and Loss except in cases where the borrowings are directly attributable to the acquisition, construction or production of qualifying asset till it is put to use.

## **2.13 Government Grants:**

Ind AS 20 gives an option to present the grants related to assets, including nonmonetary grants at fair value in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Accordingly Sales Tax Deferment amount payable to Department has been considered as Government Grant and considered the interest expenses and amortization benefit is considered in Profit and Loss Account and Balance Sheet.

## **2.14 Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made of the amount of obligation. Provisions (excluding gratuity and compensated absences) are determined based on management's estimate required to settle the obligation at the Balance Sheet date. In case the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These are reviewed at each Balance Sheet date and adjusted to reflect the current management estimates.

## **2.15 Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of income can be measured reliably. Revenue is net of returns and is reduced for rebates, trade discounts, refunds and any other taxes collected on behalf of government such as GST etc.

**Sale of Goods**

Revenue is recognised when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

**Sale of Services**

Revenue from rendering of services is recognised by measuring the progress towards complete satisfaction of performance obligations at the reporting period and there are no unfulfilled obligations.

**Other Income**

Other income includes Dividend, Interest, Profit / (Loss) on sale of Investments, Commission, Professional and Technical Services and other miscellaneous receipts if any. Dividend income from investments is recognized when the Company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on time proportionate basis, by reference to the principle outstanding and at the effective interest rate applicable. Commission income is recognised when the economic benefits associated with the transaction will flow to the entity or the amount of revenue can be measured reliably.

When the transaction involving the rendering of services is estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of the transactions can be estimated reliably when all the following conditions are satisfied:

- a) the amount of revenue can be measured reliably;
- b) it is probable that the economic benefits associated with the transaction will flow to the entity;
- c) the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- d) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably

**2.16 Income Tax:****Current Tax**

Current income tax is recognised based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

**Deferred Tax**

Deferred tax is determined by applying the Balance Sheet approach. Deferred tax assets and liabilities are recognised for all deductible temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax base. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the Balance Sheet date. The effect on deferred tax

assets and liabilities of a change in tax rates is recognised in the period that includes the enactment date. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Such assets are reviewed at each Balance Sheet date to reassess realisation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the company will pay normal income tax during the specified period.

### **2.17 Earnings per Share:**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

### **2.18 Trade Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment, if any.

### **2.19 Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

### **2.20 Ind AS 116 Leases**

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" as there are no lease transactions during the year.

### **2.21 Amendment to Ind AS 12 'Income Taxes':**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes' with effect from April 1, 2019. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distribution to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Since Dividend Distribution Tax is not applicable with effective

from April 1, 2020, this amendment will have no impact on the financial statements.

## **2.22 Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments:**

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

## **2.23 Amendment to Ind AS 19 ‘Employee Benefits’:**

The Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 ‘Employee Benefits’ in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment is effective from April 1, 2019, the Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

## **2.24 Recently issued accounting pronouncements:**

Ministry of Corporate affairs (MCA) notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from 01st April 2020.

### **For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

**Annexure – VI: Notes to Restated Financial Information**  
(All Amounts in ₹ lacs, unless stated otherwise)

**3. Property, Plant and Equipment and Intangible Assets**

| Particulars                          | Property , Plant and Equipment |           |                     |                        |                  |          |               | Other Intangible |          |       |
|--------------------------------------|--------------------------------|-----------|---------------------|------------------------|------------------|----------|---------------|------------------|----------|-------|
|                                      | Freehold Land                  | Buildings | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles | Lab Equipment | Total            | Software | Total |
| Gross Carrying Value                 |                                |           |                     |                        |                  |          |               |                  |          |       |
| Balance as at April 01,2017          | 255.66                         | 826.31    | 1,543.55            | 45.56                  | 35.13            | 99.67    | 13.74         | 2,819.63         | -        | -     |
| Additions                            | -                              | 189.98    | 243.72              | 0.70                   | 18.68            | 20.31    | -             | 473.39           | -        | -     |
| Deductions /Adjustments              | -                              | -         | -                   | -                      | 4.01             | 3.97     | -             | 7.98             | -        | -     |
| Balance as at March 31,2018          | 255.66                         | 1,016.29  | 1,787.27            | 46.26                  | 49.80            | 116.02   | 13.74         | 3,285.04         | -        | -     |
| Accumulated Depreciation             | -                              | -         | -                   | -                      | -                | -        | -             | -                |          |       |
| Opening Accumulated depreciation     | -                              | 131.62    | 360.66              | 20.63                  | 22.62            | 13.35    | 12.95         | 561.84           | -        | -     |
| Depreciation charged during the year | -                              | 28.42     | 81.38               | 6.12                   | 8.00             | 15.01    | 0.36          | 139.29           | -        | -     |
| Disposal/Adjustments                 | -                              | -         | -                   | -                      | 4.01             | 0.68     | -             | 4.70             | -        | -     |
| Closing Accumulated depreciation     | -                              | 160.04    | 442.04              | 26.76                  | 26.61            | 27.68    | 13.30         | 696.43           | -        | -     |
| Net Carrying amount as at 31.03.2018 | 255.66                         | 856.25    | 1,345.23            | 19.51                  | 23.19            | 88.34    | 0.44          | 2,588.61         | -        | -     |
| Gross carrying Value                 | -                              | -         | -                   | -                      | -                | -        | -             | -                |          |       |
| Balance as at April 01,2018          | 255.66                         | 1,016.29  | 1,787.27            | 46.26                  | 49.80            | 116.02   | 13.74         | 3,285.04         | -        | -     |
| Additions                            | -                              | 56.99     | 312.35              | 7.83                   | 13.23            | 27.06    | 0.12          | 417.59           | 41.05    | 41.05 |
| Deductions /Adjustments              | 21.02                          | -         | 1.30                | 2.46                   | 8.04             | 8.42     | -             | 41.24            | -        | -     |
| Balance as at March 31,2019          | 234.64                         | 1,073.27  | 2,098.32            | 51.64                  | 54.99            | 134.66   | 13.86         | 3,661.39         | 41.05    | 41.05 |
| Accumulated Depreciation             | -                              | -         | -                   | -                      | -                | -        | -             | -                |          |       |
| Opening Accumulated depreciation     | -                              | 160.04    | 442.04              | 26.76                  | 26.61            | 27.68    | 13.30         | 696.43           | -        | -     |
| Depreciation charged during the year | -                              | 35.14     | 95.51               | 4.37                   | 13.43            | 18.24    | 0.37          | 167.05           | 0.14     | 0.14  |
| Disposal/Adjustments                 | -                              | -         | 0.68                | 2.65                   | 7.62             | 1.82     | -             | 12.76            | -        | -     |
| Closing Accumulated depreciation     | -                              | 195.18    | 536.87              | 28.48                  | 32.42            | 44.10    | 13.67         | 850.71           | 0.14     | 0.14  |
| Net Carrying amount as at 31.03.2019 | 234.64                         | 878.10    | 1,561.45            | 23.15                  | 22.57            | 90.56    | 0.19          | 2,810.68         | 40.91    | 40.91 |
| Gross carrying Value                 |                                |           |                     |                        |                  |          |               |                  |          |       |
| Balance as at April 01,2019          | 234.64                         | 1,073.27  | 2,098.32            | 51.64                  | 54.99            | 134.66   | 13.86         | 3,661.39         | 41.05    | 41.05 |
| Additions                            | 0.93                           | 64.54     | 326.15              | 16.44                  | 64.55            | 31.52    | -             | 504.13           | -        | -     |
| Deductions /Adjustments              | -                              | -         | -                   | -                      | 0.11             | 0.30     | -             | 0.41             | 0.71     | 0.71  |



| Particulars                                 | Property , Plant and Equipment |                 |                     |                        |                  |               |               | Other Intangible |                    |
|---|--------------------------------|-----------------|---------------------|------------------------|------------------|---------------|---------------|------------------|--------------------|
|   | Freehold Land                  | Buildings       | Plant and Equipment | Furniture and Fixtures | Office Equipment | Vehicles      | Lab Equipment | Total            | Software Total     |
| <b>Balance as at March 31,2020</b>          | <b>235.57</b>                  | <b>1,137.82</b> | <b>2,424.47</b>     | <b>68.08</b>           | <b>119.43</b>    | <b>165.88</b> | <b>13.86</b>  | <b>4,165.11</b>  | <b>40.34 40.34</b> |
| Accumulated Depreciation                    |                                |                 |                     |                        |                  |               |               |                  |                    |
| Opening Accumulated depreciation            | -                              | 195.18          | 536.87              | 28.48                  | 32.42            | 44.10         | 13.67         | 850.71           | 0.14 0.14          |
| Depreciation charged during the period      | -                              | 36.75           | 111.50              | 5.21                   | 15.10            | 23.17         | 0.14          | 191.87           | 3.83 3.83          |
| Disposal/Adjustments                        | -                              | -               | -                   | -                      | 0.11             | 0.30          | -             | 0.41             | 0.14 0.14          |
| <b>Closing Accumulated depreciation</b>     | <b>-</b>                       | <b>231.93</b>   | <b>648.37</b>       | <b>33.69</b>           | <b>47.40</b>     | <b>66.97</b>  | <b>13.81</b>  | <b>1,042.18</b>  | <b>3.83 3.83</b>   |
| <b>Net Carrying amount as at 31.03.2020</b> | <b>235.57</b>                  | <b>905.89</b>   | <b>1,776.10</b>     | <b>34.38</b>           | <b>72.02</b>     | <b>98.91</b>  | <b>0.05</b>   | <b>3,122.93</b>  | <b>36.51 36.51</b> |

#### 4. Capital Work-in-progress

| Particulars                        | Amount in Rs Lacs |
|------------------------------------|-------------------|
| Balance as at April 01,2017        | 95.43             |
| Additions                          | 7.95              |
| Deductions /Adjustments            | 34.13             |
| <b>Balance as at March 31,2018</b> | <b>69.26</b>      |
| Balance as at April 01,2018        | 69.26             |
| Additions                          | 299.78            |
| Deductions /Adjustments            | 140.43            |
| <b>Balance as at March 31,2019</b> | <b>228.61</b>     |
| Balance as at April 01,2019        | 228.61            |
| Additions                          | 87.74             |
| Deductions /Adjustments            | 3.09              |
| <b>Balance as at March 31,2020</b> | <b>313.26</b>     |

| Note     | Particulars                                      | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|----------|--|-------------------|-------------------|-------------------|
| <b>5</b> | <b>INVESTMENTS</b>                               |                   |                   |                   |
|          | <b>Investments carried at cost</b>               |                   |                   |                   |
|          | <b>Unquoted equity shares (fully paid up)</b>    |                   |                   |                   |
|          | <b>In 100% subsidiary - Sigachi US INC</b>       |                   |                   |                   |
|          | Equity shares of 20,000 @ US \$ 64.95 each       |                   | -                 | -                 |
|          | Investments in Mutual Funds(quoted)at fair value | -                 | -                 | 6.05              |
|          |  | -                 | -                 | 6.05              |
| <b>6</b> | <b>OTHER FINANCIAL ASSETS</b>                    |                   |                   |                   |

| Note     | Particulars                          | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|----------|--------------------------------------|-------------------|-------------------|-------------------|
|          | <b>Unsecured and considered good</b> |                   |                   |                   |
|          | Security deposits                    | 0.28              | 0.23              | 0.48              |
|          | Electricity Deposits                 | 87.43             | 85.83             | 82.01             |
|          | Rental deposits                      | 11.87             | 6.76              | 5.02              |
|          | Other Deposits                       | 34.96             | 13.09             | 5.86              |
|          |                                      | <b>134.54</b>     | <b>105.91</b>     | <b>93.37</b>      |
| <b>7</b> | <b>OTHER NON CURRENT ASSETS</b>      |                   |                   |                   |
|          | Capital Advances                     | 100.04            | 32.13             | 27.78             |
|          |                                      | <b>100.04</b>     | <b>32.13</b>      | <b>27.78</b>      |
| <b>8</b> | <b>INVENTORIES</b>                   |                   |                   |                   |
|          | Raw material                         | 1,066.59          | 745.62            | 426.25            |
|          | Pacing Material                      | 35.65             | 30.28             | 23.38             |
|          | Consumables                          | 17.76             | 10.30             | 7.75              |
|          | Coal , Furnance oil and Firewood     | 47.09             | 28.40             | 41.86             |
|          | Finished Goods                       | 550.76            | 413.20            | 313.39            |
|          |                                      | <b>1,717.85</b>   | <b>1,227.80</b>   | <b>812.64</b>     |
|          | Work-in-process                      | 1,074.56          | 1,028.38          | 784.73            |
|          |                                      | <b>2,792.42</b>   | <b>2,256.18</b>   | <b>1,597.37</b>   |

**Valuation:**

- a) Raw materials and Packing Materials are valued at lower of cost or net realisable value
- b) Finished goods are valued at cost of conversion and other costs incurred in bringing the inventories to their present location and valued at cost or net realisable value whichever is lower

| Note     | Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|----------|---|-------------------|-------------------|-------------------|
| <b>9</b> | <b>TRADE RECEIVABLES</b>  |                   |                   |                   |
|          | <b>Receivable from others:</b>  |                   |                   |                   |
|          | Unsecured ,Considered good unless otherwise stated <b>Outstanding for a period exceeding six months from the date they become due for payment</b> |                   |                   |                   |
|          | Considered good -Un secured   | 190.03            | 103.18            | 129.07            |
|          | <b>Debts due for less than six months</b>   |                   |                   |                   |
|          | Considered good-Un secured  | 2,570.20          | 2,367.29          | 1,990.27          |
|          | Considered doubtful-Un secured  | 27.86             | 27.86             | 27.86             |

| Note      | Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|-----------|--|-------------------|-------------------|-------------------|
|           | Less: Expected Credit Losses   | (27.86)           | (27.86)           | (27.86)           |
|           | <b>Total Receivables</b>   | <b>2,760.23</b>   | <b>2,470.47</b>   | <b>2,119.34</b>   |
| <b>10</b> | <b>CASH AND CASH EQUIVALENTS</b>   |                   |                   |                   |
|           | Balances with banks  |                   |                   |                   |
|           | In Current accounts  | 875.46            | 121.51            | 93.34             |
|           | In Deposit account(margin money with banks ,the maturity of the period of which is less than 3 months) | -                 | -                 | -                 |
|           | Cash on hand   | 0.15              | 0.58              | 5.30              |
|           |  | <b>875.61</b>     | <b>122.09</b>     | <b>98.64</b>      |
| <b>11</b> | <b>OTHER BANK BALANCES</b>   |                   |                   |                   |
|           | Deposits with original maturity of more than 3 months  | 183.37            | 91.14             | 158.07            |
|           |  | <b>183.37</b>     | <b>91.14</b>      | <b>158.07</b>     |
| <b>12</b> | <b>OTHER FINANCIAL ASSETS</b>  |                   |                   |                   |
|           | Interest accrued but not due-fixed Deposits  | 4.89              | 7.07              | 3.55              |
|           | Advances to Suppliers  | 141.52            | 390.00            | 192.81            |
|           | Advances to staff  | 10.95             | 8.83              | 5.13              |
|           | Export Incentive Receivable  | 305.80            | 421.47            | 201.61            |
|           | Interest Subsidy Receivable  | -                 | 19.30             | 19.30             |
|           | Less: Provision  | -                 | (19.30)           | -                 |
|           |  | <b>463.17</b>     | <b>827.37</b>     | <b>422.40</b>     |
| <b>13</b> | <b>OTHER CURRENT ASSETS</b>  |                   |                   |                   |
|           | <b>Unsecured and considered good</b>   |                   |                   |                   |
|           | Balances with statutory/government authorities   | 19.82             | 46.68             | 21.42             |
|           | Prepaid expenses   | 22.58             | 24.85             | 26.24             |
|           | NBFC   | -                 | -                 | 0.28              |
|           | Unbilled Revenue   | 80.93             | 89.24             | 0.28              |
|           |  | <b>132.32</b>     | <b>160.77</b>     | <b>47.95</b>      |

#### 14. Share Capital

| Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|-------------------|-------------------|-------------------|
| <b>Authorised share capital</b>                        |                   |                   |                   |
| 1,20,00,000 Equity shares of ₹ 10/- each               | <b>1,200.00</b>   | <b>715.00</b>     | <b>715.00</b>     |
| (Previous year 71,50,0000 equity shares of ₹ 10/-each) |                   |                   |                   |

| Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|-------------------|-------------------|-------------------|
| <b>Issued, subscribed and fully paid-up</b>                               |                   |                   |                   |
| 76,82,500 Equity Shares of ₹ 10/- each with voting rights                 | 768.25            | 307.30            | 307.30            |
| (Previous year 30,73,000 equity shares of ₹ 10/- each with voting rights) |                   |                   |                   |
|   | <b>768.25</b>     | <b>307.30</b>     | <b>307.30</b>     |

**a. Reconciliation of equity shares outstanding at the beginning and at the end of the year**

| Particulars                               | As at 31st Mar 20 |               | As at 31st Mar 19 |               | As at 31st Mar 18 |               |
|---|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|   | No of Shares      | Amount        | No of Shares      | Amount        | No of Shares      | Amount        |
| At the beginning of the year              | 30.73             | 307.30        | 30.73             | 307.30        | 30.73             | 307.30        |
| Issued during the year                    | 46.10             | 460.95        | -                 | -             | -                 | -             |
| <b>Outstanding at the end of the year</b> | <b>76.83</b>      | <b>768.25</b> | <b>30.73</b>      | <b>307.30</b> | <b>30.73</b>      | <b>307.30</b> |

**b. Bonus issue of equity shares**

The Board at its meeting held on October 7, 2019, approved and recommended the issue of bonus shares. The shareholders approved the issue of bonus shares at the meeting held on November 21, 2019. The company had allotted 46,09,500 fully-paid-up equity shares of face value Rs.10 each. A bonus share of 3 equity shares for every 2 equity shares held. The bonus shares were credited to the eligible shareholders.

**c. Rights attached to the equity shares**

The company has only one class of shares having a face value of ₹ 10/- per share. All equity shareholders rank pari-passu in respect of dividend and voting rights. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion to their shareholding.

**d. Details of shareholders holding more than 5% shares in the Company**

| Particulars                            | As at 31st Mar 20 |              | As at 31st Mar 19 |              | As at 31st Mar 18 |              |
|--|-------------------|--------------|-------------------|--------------|-------------------|--------------|
|  | No of shares      | % of holding | No of shares      | % of holding | No of shares      | % of holding |
| M/s RPS Projects & Developers Pvt .Ltd | 25,10,575         | 32.68%       | 10,04,230         | 32.68%       | 10,04,230         | 32.68%       |
| Sri.Dharm Prakash Tripathi             | 8,03,750          | 10.46%       | 3,21,500          | 10.46%       | 3,21,500          | 10.46%       |
| Sri.BR Yadav                           | 7,14,000          | 9.29%        | 2,85,600          | 9.29%        | 2,85,600          | 9.29%        |
| Sri. S.Chidambaranathan                | 6,46,945          | 8.42%        | 2,58,778          | 8.42%        | 2,58,778          | 8.42%        |
| Sri.Rabindra Prasad Sinha              | 5,07,280          | 6.60%        | 2,02,915          | 6.60%        | 1,79,263          | 5.83%        |
| Sri. Amit Raj Sinha                    | 4,31,770          | 5.62%        | 1,72,705          | 5.62%        | 1,72,705          | 5.62%        |

| 15 | <b>BORROWINGS</b> | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|----|-------------------|-------------------|-------------------|-------------------|
|    | <b>Secured</b>    |                   |                   |                   |
|    | Vehicle loans     | 26.39             | 31.32             | 27.78             |

|            |               |               |               |
|------------|---------------|---------------|---------------|
| Term Loans | 164.60        | 92.08         | 305.65        |
|            | <b>190.99</b> | <b>123.40</b> | <b>333.43</b> |

#### Terms Loans:

All term loans are secured by exclusive first charge on fixed assets created out of the term loans extended by the term lender and the second charge on the remaining fixed assets of the company (both present and future) by way of hypothecation of movable fixed assets and also equitable mortgage of immovable fixed assets of the company and personal guarantee of Rabindra Prasad Sinha, S Chidambaranathan, Amit Raj Sinha, Vijay Amrutlal Bhavasar, Sudha Sinha and Dharani Devi. Corporate guarantee was given by RPS Projects Private limited.

#### Vehicle Loans:

All Vehicle loans are secured by mortgage of respective vehicles.

Please refer note 31.A and 31.B for loan details

| Note      | Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|-----------|---|-------------------|-------------------|-------------------|
| <b>16</b> | <b>PROVISIONS</b>                                       |                   |                   |                   |
|           | <b>Provision for employee benefits</b>                  |                   |                   |                   |
|           | Leave encashment  | 12.25             | 9.17              | 16.34             |
|           | Gratuity  | 58.40             | 45.03             | 41.37             |
|           |   | <b>70.65</b>      | <b>54.20</b>      | <b>57.71</b>      |
| <b>17</b> | <b>DEFERRED TAX LIABILITIES (NET)</b>                   |                   |                   |                   |
|           | The movement on the deferred tax account is as follows: |                   |                   |                   |
|           | At the start of the year                                | 268.84            | 206.89            | 210.83            |
|           | Charge/(credit) to statement of profit and loss         | 16.23             | 61.95             | (3.94)            |
|           | <b>At the end of year</b>                               | <b>285.07</b>     | <b>268.84</b>     | <b>206.89</b>     |
| <b>18</b> | <b>BORROWINGS</b>                                       |                   |                   |                   |
|           | <b>Secured:</b>   |                   |                   |                   |
|           | From Banks  | 2,501.80          | 1,976.57          | 2,348.47          |
|           | <b>Unsecured:</b>                                       | -                 | -                 | -                 |
|           | From NBFC   | 201.54            | 226.00            | 152.84            |
|           |   | <b>2,703.34</b>   | <b>2,202.57</b>   | <b>2,501.32</b>   |

#### Working capital facilities:

Working capital facilities extended by Kotak Mahindra Bank are secured as mentioned below:

- (i) **Primary security:** Pari Passu first charge on the current assets of the company to Kotak Mahindra Bank.

- (ii) **Collateral security:** Pari Passu first charge on movable fixed assets of the company (both present and future) and personal guarantee of Rabindra Prasad Sinha, S Chidambaranathan, Amit Raj Sinha, Vijay Amrutlal Bhavasar, Sudha Sinha and Dharani Devi.

Please refer note 31.C for loan details

| Note      | Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|-----------|--|-------------------|-------------------|-------------------|
| <b>19</b> | <b>TRADE PAYABLES-Other Financial Liabilities -Current</b> |                   |                   |                   |
|           | Due to micro, small and medium enterprises                 | -                 | -                 | -                 |
|           | Others   | 723.14            | 884.41            | 835.89            |
|           |  | <b>723.14</b>     | <b>884.41</b>     | <b>835.89</b>     |
| <b>20</b> | <b>OTHER FINANCIAL LIABILITIES-Current</b>                 |                   |                   |                   |
|           | Current maturity of loans:                                 |                   |                   |                   |
|           | Term loans (secured)                                       | 125.05            | 174.27            | 191.08            |
|           | Vehicle loans (Secured)                                    | 18.56             | 18.87             | 15.08             |
|           |  | <b>143.61</b>     | <b>193.13</b>     | <b>206.17</b>     |
| <b>21</b> | <b>OTHER CURRENT LIABILITIES</b>                           |                   |                   |                   |
|           | Statutory remittances                                      | 21.44             | 115.36            | 71.57             |
|           | Accrued Expense Payable                                    | 146.66            | 187.81            | 91.16             |
|           | Employee Benefits Payable                                  | 154.34            | 145.38            | 116.32            |
|           | Advance from Customers                                     | 3.78              | 48.70             | -                 |
|           |  | <b>326.22</b>     | <b>497.25</b>     | <b>279.05</b>     |
| <b>22</b> | <b>Provisions</b>  |                   |                   |                   |
|           | Provision for Income tax (Net of Advance tax and TDS )     | 12.86             | 434.18            | 174.24            |
|           |  | <b>12.86</b>      | <b>434.18</b>     | <b>174.24</b>     |
| Note      | Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
| <b>23</b> | <b>REVENUE FROM OPERATIONS</b>                             |                   |                   |                   |
|           | Sale of products   | 12,873.65         | 11,994.14         | 9,441.39          |
|           | Sale of services   | 1,032.61          | 904.67            | 631.61            |
|           |  | <b>13,906.26</b>  | <b>12,898.81</b>  | <b>10,073.00</b>  |
|           | <b>i. Sale of products</b>                                 |                   |                   |                   |
|           | <b>Export</b>  |                   |                   |                   |
|           | MCCP   | 8,326.26          | 7,553.46          | 5,547.02          |
|           | Others   | 191.13            | 157.87            | 75.40             |
|           | <b>Domestic</b>  |                   |                   |                   |
|           | MCCP   | 4,322.43          | 4,282.58          | 3,711.72          |
|           | Others   | 33.83             | 0.23              | 107.25            |

| Note      | Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|-----------|---|-------------------|-------------------|-------------------|
|           |   | <b>12,873.65</b>  | <b>11,994.14</b>  | <b>9,441.39</b>   |
|           | <b>ii. Sale of services</b>   |                   |                   |                   |
|           | Operational and Maintenance income                                  | 1,032.61          | 904.67            | 631.61            |
|           |   | <b>1,032.61</b>   | <b>904.67</b>     | <b>631.61</b>     |
| <b>24</b> | <b>OTHER INCOME</b>   |                   |                   |                   |
|           | <b>Other Operating Income</b>                                       |                   |                   |                   |
|           | MEIS Income   | 364.58            | 331.84            | 201.61            |
|           | Duty Drawback Income  | -                 | 0.12              | 5.32              |
|           | <b>Other Non-Operating Income</b>                                   |                   |                   |                   |
|           | Interest on fixed deposits  | 4.94              | 6.81              | 6.33              |
|           | Interest on electricity deposit                                     | 1.78              | 1.95              | 1.54              |
|           | Net gain/(loss) on foreign currency transactions                    | 117.27            | 41.39             | 86.43             |
|           | Income from Mutual Fund   | -                 | -                 | 2.29              |
|           | Scrap Sale  | 0.07              | 6.86              | 1.96              |
|           |   | <b>488.64</b>     | <b>388.96</b>     | <b>305.49</b>     |
| <b>25</b> | <b>COST OF MATERIALS CONSUMED</b>                                   |                   |                   |                   |
|           | Opening stock   | 814.60            | 499.25            | 532.26            |
|           | Add:Purchases   | 7,755.75          | 7,340.10          | 6,032.26          |
|           | Less: Closing stock   | 1,167.09          | 814.60            | 499.25            |
|           |   | <b>7,403.26</b>   | <b>7,024.75</b>   | <b>6,065.27</b>   |
| <b>26</b> | <b>CHANGES IN INVENTORIES OF WORK-IN-PROCESS AND FINISHED GOODS</b> |                   |                   |                   |
|           | <b>Inventories at the end of the year</b>                           |                   |                   |                   |
|           | Finished Goods  | 550.76            | 439.47            | 313.39            |
|           | Work-in- process  | 1,074.56          | 1,028.38          | 784.73            |
|           |   | <b>1,625.32</b>   | <b>1,467.85</b>   | <b>1,098.12</b>   |
|           | <b>Inventories at the beginning of the year</b>                     |                   |                   |                   |
|           | Finished Goods  | 402.57            | 336.29            | 117.21            |
|           | Work-in- process  | 1,028.38          | 784.73            | 796.41            |
|           | <b>Net (increase)/decrease</b>                                      | <b>(194.38)</b>   | <b>(346.83)</b>   | <b>(184.50)</b>   |
| <b>27</b> | <b>EMPLOYEE BENEFIT EXPENSE</b>                                     |                   |                   |                   |
|           | Salaries and wages  | 1,003.91          | 868.51            | 612.94            |
|           | Contribution to provident and other funds                           | 89.03             | 63.65             | 53.87             |
|           | Directors remuneration  | 320.37            | 218.53            | 121.32            |
|           | Staff welfare expenses  | 78.04             | 86.09             | 105.99            |
|           |   | <b>1,491.35</b>   | <b>1,236.79</b>   | <b>894.12</b>     |

| Note      | Particulars                                       | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|-----------|---|-------------------|-------------------|-------------------|
| <b>28</b> | <b>FINANCE COSTS</b>                              |                   |                   |                   |
|           | Interest on borrowings                            | 171.95            | 266.59            | 271.88            |
|           | Bank Charges                                      | 51.65             | 67.57             | 76.42             |
|           | Interest Expense                                  | 1.01              | 2.74              | 2.04              |
|           | Other borrowing costs                             | 9.87              | 8.19              | 28.67             |
|           |   | <b>234.47</b>     | <b>345.09</b>     | <b>379.01</b>     |
| <b>29</b> | <b>OTHER EXPENSES</b>                             |                   |                   |                   |
|           | <b>Manufacturing Expenses</b>                     |                   |                   |                   |
|           | Power and Fuel Expenses                           | 337.28            | 322.58            | 308.07            |
|           | Stores and Spares                                 | 25.07             | 25.40             | 61.74             |
|           | Repairs and maintenance                           |                   |                   |                   |
|           | Building  | 45.97             | 31.30             | 26.40             |
|           | Machinery   | 71.05             | 60.38             | 45.65             |
|           | Others  | 46.64             | 30.20             | 26.16             |
|           | Wages and labour charges                          | 871.53            | 797.80            | 665.34            |
|           | Lab Expenses                                      | 18.87             | 17.29             | 11.16             |
|           | Water Charges                                     | 67.98             | 82.40             | 59.77             |
|           |   | <b>1,484.41</b>   | <b>1,367.35</b>   | <b>1,204.29</b>   |
|           | <b>Administration ,Selling and Other Expenses</b> |                   |                   |                   |
|           | Rent  | 58.09             | 35.80             | 31.34             |
|           | Electricity charges                               | 5.39              | 3.07              | 2.90              |
|           | Insurance   | 19.24             | 25.86             | 22.60             |
|           | Rates and taxes                                   | 53.61             | 52.82             | 25.83             |
|           | R&D Expenses                                      | 22.64             | 34.11             | 37.91             |
|           | Printing and stationery                           | 18.06             | 10.49             | 8.46              |
|           | Selling Expenses                                  | 293.92            | 222.88            | 196.56            |
|           | Travelling and conveyance                         | 108.48            | 84.46             | 49.56             |
|           | Professional & consultancy fees                   | 169.72            | 84.11             | 70.42             |
|           | Remuneration to auditors                          |                   |                   |                   |
|           | Statutory audit                                   | 1.50              | 1.50              | 1.25              |
|           | Tax audit   | 0.50              | 0.50              | 0.25              |
|           | Communication expenses                            | 26.04             | 16.69             | 8.51              |
|           | carriage Outward                                  | 365.34            | 344.55            | 401.73            |
|           | Membership and Subscription Charges               | 7.85              | 1.62              | 2.07              |
|           | Security Charges                                  | 17.97             | 14.95             | 10.47             |
|           | Donations   | -                 | -                 | 1.26              |
|           | Credit losses                                     | -                 | 12.66             | 25.06             |



| Note | Particulars                           | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|------|---------------------------------------|-------------------|-------------------|-------------------|
|      | Other general expenses                | 50.65             | 52.80             | 22.14             |
|      | Profit/(loss) on Sale of Fixed Assets | -                 | 4.34              | 2.38              |
|      | Corporate Social Responsibility       | 26.71             | 17.39             | -                 |
|      |                                       | <b>1,245.70</b>   | <b>1,020.59</b>   | <b>920.71</b>     |
|      | <b>Total</b>                          | <b>2,730.11</b>   | <b>2,387.94</b>   | <b>2,124.99</b>   |

### 30. Reconciliation of Profit and Other Equity between Ind AS and Previous GAAP

| Particulars   | Net Profit           | Other Equity   |
|---|----------------------|----------------|
|   | Year ended 31 Mar 18 |                |
| Net Profit/Other Equity as per Indian GAAP  | 580.16               | 2,266.18       |
| Derecognition of liability for proposed dividend for the year ended 31 March 2018 | -                    | 36.05          |
| Fair valuation of investments in mutual funds                                     | 1.04                 | 1.05           |
| Interest Expense  | (1.93)               | 2.36           |
| Difference in measurement of employee benefits                                    | (9.20)               | (2.61)         |
| Others  | 122.18               | 23.80          |
| <b>Net Profit before OCI /Other equity as per Ind AS</b>                          | <b>692.24</b>        | <b>2326.83</b> |

#### Notes:

##### a. Proposed Dividend:

Under Indian GAAP, proposed dividends including dividend distribution tax are recognised as a liability in the period to which they relate irrespective of when they are declared. Under Ind AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. Therefore the liability of ₹ 36,11,221/- for the year ended on 31 March 2018 recorded for dividend has been derecognised against retained earnings on 1 April 2018.

##### b. Mutual Funds:

Under Indian GAAP, investments in mutual funds are accounted for as short term investments and accordingly they are carried at lower of cost and fair value. Under Ind AS, the company has designated such investments to be measured at fair value. At the date of transition to IND AS, the difference between the instruments fair value and the Indian GAAP carrying amount has been recognised in the retained earnings.

##### c. Interest Expense:

Under Indian GAAP, loans are carried at their notional amount and the transaction costs paid are expensed off in the P&L when paid. Under IND AS, all such financial liabilities are carried at amortized cost using effective interest method.

##### d. Defined Benefit Liabilities:

Under Indian GAAP, the Company recognised costs related to its post-employment defined benefit plan i.e. gratuity based on actuarial valuation made by independent qualified actuary the as at the year end and the entire cost, including actuarial gains and losses, are charged to the statement of profit and loss.

Under Ind AS, the liability in respect of gratuity benefit is determined based on actuarial valuation, performed by an independent qualified actuary and remeasurements comprising of actuarial gains and losses are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

**30.A. Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March, 2018**

| Particulars   | Previous GAAP    | Effect of transition to Ind AS | As per Ind AS    |
|---|------------------|--------------------------------|------------------|
| Revenue from operations   | 10,126.12        | (53.12)                        | 10,073.00        |
| Other Income  | 11.09            | 294.40                         | 305.49           |
| <b>Total income</b>   | <b>10,137.21</b> | <b>241.29</b>                  | <b>10,378.49</b> |
| <b>Expenses</b>   |                  |                                |                  |
| Cost of materials consumed  | 5,752.64         | 312.64                         | 6,065.27         |
| Changes in inventories of finished goods, work in progress and stock in trade | (30.00)          | (154.50)                       | (184.50)         |
| Employee benefit expense  | 1,584.01         | (689.89)                       | 894.12           |
| Finance cost  | 377.09           | 1.93                           | 379.01           |
| Depreciation and amortization expense   | 139.29           | -                              | 139.29           |
| Other expenses  | 1,433.73         | 691.26                         | 2,124.99         |
| <b>Total expenses</b>   | <b>9,256.75</b>  | <b>161.44</b>                  | <b>9,418.19</b>  |
| <b>Profit/(loss) before extraordinary, exceptional items and tax</b>          | <b>880.45</b>    | <b>79.85</b>                   | <b>960.30</b>    |
| <b>Extraordinary items</b>  | -                | -                              | -                |
| <b>Exceptional items</b>  | -                | -                              | -                |
| <b>Profit/(loss) before tax</b>   | <b>880.45</b>    | <b>79.85</b>                   | <b>960.30</b>    |
| Tax expense   |                  |                                |                  |
| (i) Current tax   | 272.00           | -                              | 272.00           |
| (ii) Deferred tax   | 28.30            | (32.24)                        | (3.94)           |
| <b>Net profit/(loss) for the period/year</b>                                  | <b>580.16</b>    | <b>112.09</b>                  | <b>692.24</b>    |

**31. Income Taxes**

**Income tax expense/(benefit) recognised in the statement of profit and loss:**

| Particulars                     | Year ended 31st Mar 2020 | Year ended 31st Mar 2019 | Year ended 31st Mar 2018 |
|---------------------------------|--------------------------|--------------------------|--------------------------|
| Current tax expense             | 486.48                   | 509.61                   | 272.00                   |
| Deferred tax expense            | 16.23                    | 61.95                    | (3.94)                   |
| <b>Total income tax expense</b> | <b>502.71</b>            | <b>571.56</b>            | <b>268.06</b>            |

**Reconciliation of effective tax rate**

| Particulars | Year ended 31st Mar 2020 | Year ended 31st Mar 2019 | Year ended 31st Mar 2018 |
|-------------|--------------------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|--------------------------|

| Particulars                             | Year ended 31st Mar 2020 | Year ended 31st Mar 2019 | Year ended 31st Mar 2018 |
|---|--------------------------|--------------------------|--------------------------|
| Profit before Income Tax                | 2,545.12                 | 2,539.15                 | 1,041.59                 |
| Tax Rate                                | 29.12%                   | 29.12%                   | 33.06%                   |
| Expected Tax expense                    | <b>741.14</b>            | <b>739.40</b>            | <b>344.38</b>            |
| <b>Adjustments:</b>                     |                          |                          |                          |
| Deduction U/S 10AA(SEZ)-50% of Profits  | (862.21)                 | (773.58)                 | (207.89)                 |
| Expenses not deductible for tax purpose | 47.52                    | 329.79                   | 52.12                    |
| Expenses deductible for tax purpose     | (104.70)                 | (345.32)                 | (63.15)                  |
| <b>Total</b>                            | <b>(919.39)</b>          | <b>(789.11)</b>          | <b>(218.92)</b>          |
| <b>Profit after Adjustments</b>         | <b>1,625.73</b>          | <b>1,750.04</b>          | <b>822.67</b>            |
| <b>Interest u/s 234C</b>                | <b>13.07</b>             | <b>-</b>                 | <b>-</b>                 |
| <b>Income tax expense</b>               | <b>486.48</b>            | <b>509.61</b>            | <b>272.00</b>            |
| <b>Effective tax rate</b>               | <b>19.11%</b>            | <b>20.07%</b>            | <b>26.11%</b>            |

#### Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

| Particulars                               | Year ended 31st Mar 2020 | Year ended 31st Mar 2019 | Year ended 31st Mar 2018 |
|---|--------------------------|--------------------------|--------------------------|
| <b>Deferred tax (assets)/liabilities:</b> |                          |                          |                          |
| Property, plant and equipment             | 23.75                    | 70.84                    | 7.32                     |
| Current liabilities & provisions          | (7.40)                   | (10.78)                  | (12.64)                  |
| Actuarial gain                            | (0.12)                   | 1.89                     | 1.38                     |
| <b>Net deferred tax Liabilities</b>       | <b>16.23</b>             | <b>61.95</b>             | <b>(3.94)</b>            |

#### Movement in deferred tax assets and liabilities during the years ended 31st Mar 2020 and 31st Mar 2019 and 31st Mar 2018

| Particulars                               | As at 31st Mar 2018 | Charge/(credit) to profit or loss | As at 31st Mar 2019 | Charge/(credit) to profit or loss | As at 31st Mar 2020 |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|
| <b>Deferred tax (assets)/liabilities:</b> |                     |                                   |                     |                                   |                     |
| Property, plant and equipment             | 7.32                | 63.53                             | 70.84               | (47.09)                           | 23.75               |
| Current liabilities & provisions          | (12.64)             | 1.86                              | (10.78)             | 3.38                              | (7.40)              |
| Actuarial gain                            | 1.38                | 0.51                              | 1.89                | (2.01)                            | (0.12)              |
| <b>Net Deferred tax Liabilities</b>       | <b>(3.94)</b>       | <b>65.89</b>                      | <b>61.95</b>        | <b>(45.72)</b>                    | <b>16.23</b>        |

#### 31.A. Details of Indian rupee term loans from banks as under:

| Particulars | Term Loan 1 | Term Loan 2 | Term Loan 3 | Term Loan 4 | Term Loan 5 | Term Loan 6 | Term Loan 7 | Term Loan 8 | Term Loan 9 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

| Particulars                   | Term Loan 1   | Term Loan 2   | Term Loan 3   | Term Loan 4   | Term Loan 5   | Term Loan 6   | Term Loan 7   | Term Loan 8   | Term Loan 9   |
|-------------------------------|---|---|---|---|---|---|---|---|---|
| Bank Name                     | Kotak Mahindra Bank   | Kotak Mahindra Bank   | Kotak Mahindra Bank   | Kotak Mahindra Bank   | Kotak Mahindra Bank   | State Bank of India                                 | State Bank of India                                 | State Bank of India                                 | State Bank of India                                 |
| Sanctioned amount             | 165.00  | 42.00   | 74.00   | 40.00   | 246.39  | 294.00  | 74.00   | 115.00  | 83.32   |
| Outstanding as on 31.03.2020  | 44.93   | 11.46   | 35.69   | -   | 197.56  | -   | -   | -   | -   |
| Non Current:                  | -   | -   | 4.77  | -   | 159.82  | -   | -   | -   | -   |
| Current:                      | 44.93   | 11.46   | 30.92   | -   | 37.74   | -   | -   | -   | -   |
| Outstanding as on 31.03.2019  | 137.61  | 34.30   | 64.13   | 30.31   | -   | -   | -   | -   | -   |
| Non Current:                  | 44.93   | 11.46   | 35.69   | -   | -   | -   | -   | -   | -   |
| Current:                      | 92.68   | 22.84   | 28.44   | 30.31   | -   | -   | -   | -   | -   |
| Outstanding as on 31.03.2018  | -   | -   | -   | -   | -   | 240.78  | 66.09   | 102.83  | 87.04   |
| Non Current:                  | -   | -   | -   | -   | -   | 149.48  | 37.66   | 68.49   | 50.02   |
| Current:                      | -   | -   | -   | -   | -   | 91.30   | 28.43   | 34.34   | 37.02   |
| Monthly/Quarterly Instalments | Monthly   | Monthly   | Monthly   | Monthly   | Monthly   | Quarterly   | Quarterly   | Quarterly   | Monthly   |
| No. of instalments            | 22  | 22  | 31  | 16  | 60  | 14  | 14  | 17  | 34  |
| Commencement of instalments   | 31-Dec-18   | 31-Dec-18   | 31-Dec-18   | 31-Dec-18   | 25-Jun-20   | 30-Jun-17   | 30-Jun-17   | 30-Jun-17   | 30-Apr-17   |
| Effective interest rate       | As on 31.03.2020<br>MCLR of 8.00% plus spread 0.90% (March 31, 2019; MCLR of 8.60% plus spread 0.90%) | As on 31.03.2020<br>MCLR of 8.00% plus spread 0.90% (March 31, 2019; MCLR of 8.60% plus spread 0.90%) | As on 31.03.2020<br>MCLR of 8.00% plus spread 0.90% (March 31, 2019; MCLR of 8.60% plus spread 0.90%) | As on 31.03.2020<br>MCLR of 8.00% plus spread 0.90% (March 31, 2019; MCLR of 8.60% plus spread 0.90%) | As on 31.03.2020<br>MCLR of 8.00% plus spread 0.90% (March 31, 2019; MCLR of 8.60% plus spread 0.90%) | As on 31.03.2018<br>MCLR of 7.85% plus spread 2.25% | As on 31.03.2018<br>MCLR of 7.85% plus spread 2.25% | As on 31.03.2018<br>MCLR of 7.85% plus spread 2.25% | As on 31.03.2018<br>MCLR of 7.85% plus spread 2.25% |

**31.B. Details of Indian rupee vehicle loans from banks as under:**

| Particulars                  | Vehicle Loan 1 | Vehicle Loan 2 | Vehicle Loan 3 | Vehicle Loan 4 | Vehicle Loan 5      | Vehicle Loan 6      | Vehicle Loan 7      | Vehicle Loan 8         | Vehicle Loan 9      |
|------------------------------|----------------|----------------|----------------|----------------|---------------------|---------------------|---------------------|------------------------|---------------------|
| Bank Name                    | Canara Bank    | Canara Bank    | Canara Bank    | ICCI Bank      | Kotak Mahindra Bank | Kotak Mahindra Bank | Kotak Mahindra Bank | Volkswagen Fin.Pvt Ltd | Kotak Mahindra Bank |
| Sanctioned amount            | 7.50           | 5.80           | 14.00          | 16.10          | 7.05                | 12.74               | 11.78               | 17.86                  | 14.50               |
| Outstanding as on 31.03.2020 | -              | -              | 4.09           | 9.62           | -                   | 8.85                | 7.17                | 2.41                   | 12.81               |
| Non Current:                 | -              | -              | 1.17           | 6.39           | -                   | 5.74                | 3.40                | -                      | 9.69                |
| Current:                     | -              | -              | 2.91           | 3.23           | -                   | 3.11                | 3.77                | 2.41                   | 3.12                |
| Outstanding as on 31.03.2019 | -              | 0.71           | 8.21           | 12.66          | 0.45                | 10.87               | 10.79               | 6.50                   | -                   |
| Non Current:                 | -              | -              | 4.09           | 9.62           | -                   | 8.85                | 7.17                | 1.59                   | -                   |
| Current:                     | -              | 0.71           | 4.12           | 3.04           | 0.45                | 2.02                | 3.62                | 4.91                   | -                   |
| Outstanding as on 31.03.2018 | 1.20           | 2.84           | 10.09          | 15.43          | 3.11                | -                   | -                   | 10.20                  | -                   |
| Non Current:                 | -              | 0.71           | 7.46           | 12.66          | 0.45                | -                   | -                   | 6.50                   | -                   |
| Current:                     | 1.20           | 2.13           | 2.63           | 2.77           | 2.66                | -                   | -                   | 3.70                   | -                   |
| No. of instalments           | 36             | 36             | 60             | 60             | 60                  | 47                  | 47                  | 60                     | 48                  |
| Commencement of instalments  | 05-Sep-15      | 29-Jul-16      | 25-Aug-16      | 01-Jan-18      | 10-Aug-14           | 05-Dec-18           | 08-Jan-19           | 07-Nov-15              | 22-10-2019          |
| Effective interest rate      | 10.30%         | 9.85%          | 9.85%          | 8.40%          | 11.51%              | 10.34%              | 10.34%              | 9.99%                  | 9.50%               |

**31.C. Details of Indian rupee working capital loans from banks are as under:**

| Particulars                                | Outstanding as on<br>31.03.2020 | Outstanding as on<br>31.03.2019 | Outstanding as on<br>31.03.2018 | Effective Interest Rate<br>as on 31.03.2020 | Effective Interest Rate<br>as on 31.03.2019 | Effective Interest Rate<br>as on 31.03.2018 |
|--|---------------------------------|---------------------------------|---------------------------------|---|---|---|
| <b>Loans repayable on demand-Secured</b>   |                                 |                                 |                                 |   |   |   |
| Kotak Mahindra Bank<br>Cash CC             | 1,099.64                        | 1,151.60                        | -                               | 9.05%                                       | 9.65%                                       | -   |
| Kotak Mahindra Bank-<br>Packing Credit     | 796.06                          | 574.52                          | -                               | 4.64%                                       | 4.40%                                       | -   |
| Kotak Mahindra Bank<br>WCDL-1              | -                               | 200.00                          | -                               | -   | 9.40%                                       | -   |
| Kotak Mahindra Bank<br>WCDL-1              | -                               | 50.00                           | -                               | -   | 9.40%                                       | -   |
| Foreign Bill Discounting<br>- Kotak        | 278.92                          | -                               | -                               | 4.64%                                       | -   | -   |
| Kotak Mahindra Bank-<br>Buyers Credit      | 327.18                          | -                               | -                               | 4.64%                                       | -   | -   |
| State Bank of India- EPC                   | -                               | -                               | 1,000.74                        | -   | -   | 5.00%                                       |
| State Bank of India- CC                    | -                               | -                               | 1,009.88                        | -   | -   | 10.90%                                      |
| Foreign Bill Discounting<br>- SBI          | -                               | -                               | 65.44                           | -   | -   | 5.00%                                       |
| State Bank of India-<br>Buyers Credit      | -                               | -                               | 272.41                          | -   | -   | 5.00%                                       |
| <b>Loans repayable on demand-Unsecured</b> |                                 |                                 |                                 |   |   |   |
| IVL Finance Ltd                            | 8.28                            | 26.05                           | -                               | 16%   | 16%   | -   |
| Bajaj Finance Limited                      | -                               | 17.43                           | -                               | -   | 17.70%                                      | -   |
| Magma Fincorp                              | -                               | 19.98                           | -                               | -   | 15.75%                                      | -   |
| Amico USA LLC                              | 193.00                          | 163.00                          | 153.00                          | 9.17%                                       | 9.17%                                       | -   |

**32. Employee Benefits**

**a. Defined Contribution Plan**

The Company operates defined contribution schemes like Employee State Insurance Scheme. For this scheme contributions are made by the company and employees at a predetermined rate based on current salaries.

**b. Defined Benefit Plan**

i. Gratuity: The Company has provided gratuity liability as per the actuarial valuation provided by actuarial valuer. The benefits are determined and carried out at each Balance Sheet date.

ii. Leave Encashment: The Company has created provision for leave encashment liability for eligible employees. The benefits are determined and carried out at each Balance Sheet date.

The disclosure for defined benefit plan (Gratuity) as per Ind AS 19 are given here under:

**i. Changes in present value of obligation:**

| Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|-------------------|-------------------|-------------------|
| Defined benefit obligation as at beginning of the year      | 45.03             | 41.37             | 32.95             |
| Current service cost  | 8.83              | 6.96              | 9.94              |
| Interest cost   | 3.44              | 3.20              | 2.48              |
| Actuarial (gain)/loss                                       | 1.10              | (6.50)            | (3.99)            |
| Benefits paid   | -                 | -                 | -                 |
| <b>Defined benefit obligation as at the end of the year</b> | <b>58.40</b>      | <b>45.03</b>      | <b>41.37</b>      |

**ii. Change in fair value plan of assets:**

| Particulars  | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--|-------------------|-------------------|-------------------|
| Fair value of plan assets as at the beginning of the year  | -                 | -                 | -                 |
| OB difference  | -                 | -                 | -                 |
| Investment income  | -                 | -                 | -                 |
| Employer contribution                                      | -                 | -                 | -                 |
| Expenses   | -                 | -                 | -                 |
| Benefits Paid  | -                 | -                 | -                 |
| Return on plan assets                                      | -                 | -                 | -                 |
| <b>Fair value of plan assets as at the end of the year</b> | <b>-</b>          | <b>-</b>          | <b>-</b>          |

**iii. Fair value of assets and obligations:**

| Particulars                               | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|-------------------|-------------------|-------------------|
| Fair value of plan assets                 | -                 | -                 | -                 |
| Present value of obligation               | 58.40             | 45.03             | 41.37             |
| <b>Amount recognized in balance sheet</b> | <b>(58.40)</b>    | <b>(45.03)</b>    | <b>(41.37)</b>    |

**iv. Expenses recognised during the year:**

| Particulars                | Year ended 31st Mar 20 | Year ended 31st Mar 19 | Year ended 31st Mar 18 |
|----------------------------|------------------------|------------------------|------------------------|
| <b>In Income Statement</b> |                        |                        |                        |
| Current service cost       | 3.44                   | 6.96                   | 9.94                   |

| Particulars  | Year ended 31st Mar 20 | Year ended 31st Mar 19 | Year ended 31st Mar 18 |
|--|------------------------|------------------------|------------------------|
| Interest cost/(income)                             | 8.83                   | 3.20                   | 2.48                   |
| <b>Expenses recognised in the income statement</b> | <b>12.27</b>           | <b>10.16</b>           | <b>12.41</b>           |
| <b>In Other Comprehensive Income (OCI)</b>         |                        |                        |                        |
| Actuarial (gain)/loss                              |                        |                        |                        |
| Experience Variance                                | 1.10                   | (6.50)                 | (3.99)                 |
| Others   | -                      | -                      | -                      |
| Return on plan assets                              | -                      | -                      | -                      |
| <b>Net (income)/expense recognised in OCI</b>      | <b>1.10</b>            | <b>(6.50)</b>          | <b>(3.99)</b>          |

**v. Actuarial Assumptions:**

| Particulars                    | Year ended 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|--------------------------------|------------------------|-------------------|-------------------|
| Discount rate (per annum)      | 6.80%                  | 7.65%             | 7.73%             |
| Salary growth rate (per annum) | 5.00%                  | 5.00%             | 5.00%             |

**vi. Sensitivity Analysis:**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

| Particulars                       | As at 31st Mar 20 |          | As at 31st Mar 19 |          | As at 31st Mar 18 |          |
|-----------------------------------|-------------------|----------|-------------------|----------|-------------------|----------|
|                                   | Decrease          | Increase | Decrease          | Increase | Decrease          | Increase |
| Change in discounting rate        | 65.94             | 52.11    | 50.56             | 40.39    | 45.54             | 37.79    |
| Change in rate of salary increase | 48.09             | 71.25    | 37.24             | 54.73    | 34.24             | 50.22    |
| Change in rate of attrition       | 50.73             | 65.49    | 38.00             | 51.25    | 36.94             | 45.33    |
| Change in rate of mortality       | 58.22             | 58.58    | 44.85             | 45.20    | 41.26             | 41.48    |

**33. Earnings per Share:**

| Particulars  | Year ended 31st Mar 2020 | Year ended 31st Mar 2019 | Year ended 31st Mar 2018 |
|--|--------------------------|--------------------------|--------------------------|
| Profit after tax attributable to equity shareholders     | 2,031.55                 | 1,901.27                 | 692.24                   |
| Weighted average number of equity shares for Basic EPS   | 76.825                   | 76.825                   | 76.825                   |
| Weighted average number of equity shares for Diluted EPS | 76.825                   | 76.825                   | 76.825                   |
| Basic earnings per Share                                 | 26.44                    | 24.75                    | 9.01                     |
| Diluted earnings per Share                               | 26.44                    | 24.75                    | 9.01                     |

**Note:** The earnings per share figure for the year ended 31st march 2019 and 31st march 2018 have been adjusted to give effect to the allotment of the bonus shares, as required by Ind AS-33



### 34. Related Party Transactions

#### a. List of the transacted Related Parties and description of relationship

| Nature of Relationship     | Name of the related party         | Relationship            |
|----------------------------|-----------------------------------|-------------------------|
| Wholly owned subsidiary    | Sigachi US, Inc                   |                         |
| Key Management Personnel   | Mr. R.P Sinha                     | Executive Chairman      |
|                            | Mr. S. Chidambaranathan           | Executive Vice Chairman |
|                            | Mr. Amit Raj Sinha                | MD & CEO                |
|                            | Mr. Vijay Bhavsar                 | Director                |
| Relatives of KMP           | Mr. C .Bhavani Shanmugam          | Son of Director         |
| Entities controlled by KMP | RPS Projects & Developers Pvt.Ltd |                         |

#### b. Transactions with Related Parties

| Nature of Transaction   | Name of the related party | Year ended 31st Mar 20 | Year ended 31st Mar 19 | Year ended 31st Mar 18 |
|-------------------------|---------------------------|------------------------|------------------------|------------------------|
| Managerial Remuneration | Mr.R.P Sinha              | 67.28                  | 56.25                  | 41.84                  |
|                         | Mr.S.Chidambaranathan     | 63.20                  | 56.25                  | 41.84                  |
|                         | Mr.Amit Raj Sinha         | 71.95                  | 65.85                  | 50.24                  |
|                         | Mr.Vijay Bhavsar          | 12.00                  | 12.00                  | 12.00                  |
|                         | Mr. C. Bhavani Shanmugam  | 22.64                  | 19.32                  | 10.23                  |
| Rent                    | Mr.Amit Raj Sinha         | 13.17                  | 5.94                   | 5.94                   |
| Sales                   | Sigachi US,Inc            | 1,140.80               | 826.16                 | 412.01                 |

#### c. Balances as at 31st Mar 2020

| Nature of Transaction   | Name of the related party | Year ended 31st Mar 20 | Year ended 31st Mar 19 | Year ended 31st Mar 18 |
|-------------------------|---------------------------|------------------------|------------------------|------------------------|
| Managerial Remuneration | Mr.R.P Sinha              | 23.27                  | 0.13                   | 6.24                   |
|                         | Mr.S.Chidambaranathan     | 1.84                   | 7.11                   | 12.65                  |
|                         | Mr.Amit Raj Sinha         | 1.14                   | 1.28                   | 2.25                   |
|                         | Mr.Vijay Bhavsar          | 0.82                   | 0.85                   | 0.85                   |
|                         | Mr. C. Bhavani Shanmugam  | 0.66                   | 0.51                   | 0.65                   |
| Rent Payable            | Mr.Amit Raj Sinha         | 2.26                   | 0.99                   | 0.50                   |
| Sales Receipts          | Sigachi US,Inc            | 371.61                 | 90.02                  | 82.42                  |

### 35. Contingent Liabilities, Claims, Commitments (to the extent not provided for) and Other Disputes

#### a. Claims against property:

**Service Tax:** During the year ended 31 March 2020, the Company received a demand notice from commissioner of central tax (Service tax) for the period August 2014 to June 2017 demanding service tax of ₹ 559.21 Lacs (including penalty of ₹ 250.47 Lacs) .The Company believes that the claim is untenable and, accordingly, has filed appeals with the Appellate Tribunal regional bench Hyderabad against the aforesaid notice which is in progress and pending disposal.

**b. Bank Guarantee:** The Bank Guarantees as at 31st March 2020 are ₹ 57,21,914/- and as at 31st March 2019 are ₹ 46,73,240/-

### 36. Segment Reporting:

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services. Based on the 'Management' approach as defined under Ind AS108, the Chief Operating Decision Maker (CODM) evaluates the performance on a periodical basis and allocates resources based on an analysis of the performance of various Businesses. The CODM is the Managing Director. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments and are as set out in the Significant Accounting Policies. Since, the Company is mainly pursuing only one activity i.e. manufacturing and selling of MCC, reporting of segment revenue and results does not arise.

### 37. MSME:

Disclosure in respect of principal and interest pertaining to the Micro, Small and Medium Enterprises Dev. Act 2006 based on available details is as under:

| Particulars   | As at 31st Mar 2020 | As at 31st Mar 2019 | As at 31st Mar 2018 |
|---|---------------------|---------------------|---------------------|
| Principal amount due  | -                   | -                   | -                   |
| Interest on above and unpaid interest                         | -                   | -                   | -                   |
| Interest paid   | -                   | -                   | -                   |
| Payment made beyond the appointed date                        | -                   | -                   | -                   |
| Interest due and payable for the period of delay              | -                   | -                   | -                   |
| Interest accrued and remaining unpaid at the year end         | -                   | -                   | -                   |
| Amount of further interest due and payable in succeeding year | -                   | -                   | -                   |

### 38. Financial Instruments Valuation

All financial instruments are initially measured at cost and subsequently measured at fair value.

The carrying value and fair value of financial instruments by categories as of 31st Mar 20 are as follows:

| Particulars               | Carrying Value | Level of input used in |         |         | Fair Value |
|---------------------------|----------------|------------------------|---------|---------|------------|
|                           |                | Level 1                | Level 2 | Level 3 |            |
| <b>Financial assets</b>   |                |                        |         |         |            |
| <b>At Amortised Cost</b>  |                |                        |         |         |            |
| Investments*              | -              | -                      | -       | -       | -          |
| Trade receivables         | 2,760.23       | -                      | -       | -       | 2,760.23   |
| Cash and cash equivalents | 875.61         | -                      | -       | -       | 875.61     |

| Particulars                  | Carrying Value | Level of input used in |         |          | Fair Value |
|------------------------------|----------------|------------------------|---------|----------|------------|
|                              |                | Level 1                | Level 2 | Level 3  |            |
| Other bank balances          | 183.37         | -                      | -       | -        | 183.37     |
| Other financial assets       | 463.17         | -                      | -       | -        | 463.17     |
| <b>Financial liabilities</b> |                |                        |         |          |            |
| <b>At Amortised Cost</b>     |                |                        |         |          |            |
| Borrowings                   | 2,919.01       | -                      | -       | 2,894.33 | 2,894.33   |
| Trade payables               | 723.14         | -                      | -       | -        | 723.14     |
| Other financial liabilities  | 143.61         | -                      | -       | -        | 143.61     |

The carrying value and fair value of financial instruments by categories as of 31st Mar 19 are as follows:

| Particulars                  | Carrying Value | Level of input used in |         |          | Fair Value |
|------------------------------|----------------|------------------------|---------|----------|------------|
|                              |                | Level 1                | Level 2 | Level 3  |            |
| <b>Financial assets</b>      |                |                        |         |          |            |
| <b>At Amortised Cost</b>     |                |                        |         |          |            |
| Investments*                 | -              | -                      | -       | -        | -          |
| Trade receivables            | 2,618.60       | -                      | -       | -        | 2,618.60   |
| Cash and cash equivalents    | 109.97         | -                      | -       | -        | 109.97     |
| Other bank balances          | 91.14          | -                      | -       | -        | 91.14      |
| Other financial assets       | 824.35         | -                      | -       | -        | 824.35     |
| <b>Financial liabilities</b> |                |                        |         |          |            |
| <b>At Amortised Cost</b>     |                |                        |         |          |            |
| Borrowings                   | 2,125.39       | -                      | -       | 2,163.43 | 2,163.43   |
| Trade payables               | 815.75         | -                      | -       | -        | 815.75     |
| Other financial liabilities  | 193.13         | -                      | -       | -        | 193.13     |

The carrying value and fair value of financial instruments by categories as of 31st Mar 18 are as follows:

| Particulars                  | Carrying Value | Level of input used in |         |         | Fair Value |
|------------------------------|----------------|------------------------|---------|---------|------------|
|                              |                | Level 1                | Level 2 | Level 3 |            |
| <b>Financial assets</b>      |                |                        |         |         |            |
| <b>At Amortised Cost</b>     |                |                        |         |         |            |
| Investments*                 | 5.00           | 6.05                   | -       | -       | 6.05       |
| Trade receivables            | 2,194.29       | -                      | -       | -       | 2,194.29   |
| Cash and cash equivalents    | 76.70          | -                      | -       | -       | 76.70      |
| Other bank balances          | 158.07         | -                      | -       | -       | 158.07     |
| Other financial assets       | 422.40         | -                      | -       | -       | 422.40     |
| <b>Financial liabilities</b> |                |                        |         |         |            |
| <b>At Amortised Cost</b>     |                |                        |         |         |            |
| Borrowings                   | 2,712.36       | -                      | -       | 2834.74 | 2834.74    |
| Trade Payables               | 821.91         | -                      | -       | -       | 821.91     |

| Particulars                 | Carrying Value | Level of input used in |         |         | Fair Value |
|-----------------------------|----------------|------------------------|---------|---------|------------|
|                             |                | Level 1                | Level 2 | Level 3 |            |
| Other financial liabilities | 206.17         | -                      | -       | -       | 206.17     |

\* excludes financial assets measured at cost

**The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:**

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the Asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### 39. Capital Management

The company manages its capital to ensure that it will be able to continue as going concern while creating value for shareholders by facilitating the meeting of long term and short term goals of the Company.

The company determines the amount of capital required on the basis of annual business plan coupled long term and short term strategic investment and expansion plans.

The company monitors the capital by using net debt equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

| Particulars                              | March 31,2020   | March 31,2019   | March 31,2018   |
|--|-----------------|-----------------|-----------------|
| Non Current Borrowings                   | 190.99          | 123.40          | 333.43          |
| Current Borrowings                       | 2,846.95        | 2,395.70        | 2,707.48        |
| <b>Total Debts</b>                       | <b>3,037.94</b> | <b>2,519.11</b> | <b>3,040.91</b> |
| Less: Cash and Cash Equivalents          | 875.61          | 122.09          | 98.64           |
| Other Bank balances                      | 183.37          | 91.14           | 98.64           |
| <b>Adjusted net debts</b>                | <b>1,978.96</b> | <b>2,305.87</b> | <b>2,843.64</b> |
| Equity                                   | 768.25          | 307.30          | 307.30          |
| Other Equity                             | 5,690.27        | 4,180.97        | 2,326.83        |
| Total Equity                             | <b>6,458.52</b> | <b>4,488.27</b> | <b>2,634.13</b> |
| <b>Adjusted net debt to equity ratio</b> | <b>0.31</b>     | <b>0.51</b>     | <b>1.08</b>     |

### 40. Financial Risk Management

In course of its business, the company is exposed to certain financial risk such as market risk, credit risk and liquidity risk that could have significant influence on the company's business and operational/financial performance. The Board of directors and the Audit Committee reviews and approves risk

management framework and policies for managing these risks and monitor suitable mitigating actions taken by the management to minimize potential adverse effects and achieve greater predictability to earnings.

#### **a. Credit Risk**

Credit Risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has a prudent and conservative process for managing its credit risk raising in the course of its business activities. Credit risk is managed through continuously monitoring the creditworthiness of customers and obtaining sufficient collateral, where appropriate, a means of mitigating the risk of financial loss from defaults.

#### **b. Liquidity risk**

Liquidity Risk refers to the risk that the company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The company has obtained fund and non fund based working capital loans from bank .The borrowed funds are generally applied for company's own operational activities.

The table below provides details regarding the contractual maturities of significant financial liabilities:

| <b>Particulars</b>     | <b>Up to 1 Year</b> | <b>1 to 3 years</b> | <b>3 to 5 years</b> |
|------------------------|---------------------|---------------------|---------------------|
| <b>31-Mar-20</b>       |                     |                     |                     |
| Non Current Borrowings | 143.61              | 163.53              | 27.46               |
| Current Borrowings     | 2,703.34            |                     |                     |
| Trade payables         | 723.14              |                     |                     |
| Other Payables         | 326.22              |                     |                     |
|                        | <b>3,896.31</b>     | <b>163.53</b>       | <b>27.46</b>        |
| <b>31-Mar-19</b>       |                     |                     |                     |
| Non Current Borrowings | 193.13              | 116.09              | 7.32                |
| Current Borrowings     | 2,202.57            | -                   | -                   |
| Trade payables         | 815.75              | -                   | -                   |
| Other Payables         | 232.68              | -                   | -                   |
|                        | <b>3,444.14</b>     | <b>116.09</b>       | <b>7.32</b>         |
| <b>31-Mar-18</b>       |                     |                     |                     |
| Non Current Borrowings | 206.17              | 327.04              | 6.39                |
| Current Borrowings     | 2,501.32            | -                   | -                   |
| Trade payables         | 821.91              | -                   | -                   |
| Other Payables         | 207.26              | -                   | -                   |

| Particulars | Up to 1 Year | 1 to 3 years | 3 to 5 years |
|-------------|--------------|--------------|--------------|
|             | 3,736.65     | 327.04       | 6.39         |

**c. Market Risk:**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices such as commodity prices, foreign currency exchange rates and other market changes.

**d. Exchange Rate Risk:**

The company foreign exchange arised from its foreign operations, foreign currency revenues and expenses, (Primarily in US Dollars). Consequently, the company is exposed to foreign exchange risk through its sales, services and purchases from overseas suppliers in various foreign currencies.

The foreign currency exposures were as follows:

| Particulars            | March 31,2020<br>USD | March 31,2019<br>USD | March 31,2018<br>USD |
|------------------------|----------------------|----------------------|----------------------|
| <b>Assets</b>          |                      |                      |                      |
| Cash and bank balances | 0.72                 | 12.45                | 21.99                |
| Trade receivables      | 19.29                | 44.28                | 19.83                |
| Other assets           | 2.97                 | 177.89               | 180.76               |
| <b>Total</b>           | <b>22.98</b>         | <b>234.63</b>        | <b>222.58</b>        |
| <b>Liabilities</b>     |                      |                      |                      |
| Trade payables         | 10.77                | 100.28               | 102.06               |
| Other liabilities      | 2.55                 | 164.62               | 155.79               |
| <b>Total</b>           | <b>13.32</b>         | <b>264.90</b>        | <b>257.85</b>        |
| <b>Net Exposure</b>    | <b>9.66</b>          | <b>(30.27)</b>       | <b>(35.27)</b>       |

**Sensitivity analysis**

A reasonably possible Strengthening (Weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial statements denominated in US dollars and Pounds and effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

**31<sup>st</sup> March 2020**

| Effect in INR   | Profit or loss |             | Equity net of tax |           |
|-----------------|----------------|-------------|-------------------|-----------|
|                 | Strengthening  | Weakening   | Strengthening     | Weakening |
| 1% movement USD | (0.10)         | 0.10        | -                 | -         |
|                 | <b>(0.10)</b>  | <b>0.10</b> | -                 | -         |

**31<sup>st</sup> March 2019**

| Effect in INR   | Profit or loss |            | Equity net of tax |           |
|-----------------|----------------|------------|-------------------|-----------|
|                 | Strengthening  | Weakening  | Strengthening     | Weakening |
| 1% movement USD | (0.3)          | 0.3        | -                 | -         |
|                 | <b>(0.3)</b>   | <b>0.3</b> | -                 | -         |

**31<sup>st</sup> March 2018**

| Effect in INR   | Profit or loss |             | Equity net of tax |           |
|-----------------|----------------|-------------|-------------------|-----------|
|                 | Strengthening  | Weakening   | Strengthening     | Weakening |
| 1% movement USD | (0.35)         | 0.35        | -                 | -         |
|                 | <b>(0.35)</b>  | <b>0.35</b> | -                 | -         |

**e. Interest Rate Risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. The company's exposure to the risk of changes in the market interest rate relates primarily to the company's long term debt obligations with floating interest rates. The company's interest rate exposure is mainly related to variable interest rates debt obligations. The company manages the liquidity and fund requirements for its day to day operations like working capital, suppliers /buyers credit.

The Interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the company is as follows:

| Particulars                          | March 31,2020   | March 31,2019   | March 31,2018   |
|--------------------------------------|-----------------|-----------------|-----------------|
| <b>Floating rate instruments</b>     |                 |                 |                 |
| <b>Financial Liabilities</b>         |                 |                 |                 |
| Term loans from banks                | 334.6           | 316.54          | 539.6           |
| Working capital facilities from bank | 2,703.34        | 2,202.57        | 2,501.32        |
| <b>Total</b>                         | <b>3,037.94</b> | <b>2,519.11</b> | <b>3,040.91</b> |

**Cash flow sensitivity analysis for variable -rate instruments:**

The risk estimates provided assume a change of 25 basis points interest rate for the interest rate benchmark as applicable to the borrowing summarised above. This calculation assumes that the change occurs at the balance sheet date and has been calculated on risk exposures outstanding as at that date assuming that all other variables, in particular foreign currency exchange rates, remain constant. The period end balances are not necessarily representative of the average debt outstanding during the period.

| Cash flow sensitivity (net)    | Profit or loss |                |
|--------------------------------|----------------|----------------|
|                                | 25 bp increase | 25 bp decrease |
| <b>31-Mar-20</b>               |                |                |
| Variable rate loan instruments | 7.59           | (7.59)         |

| Cash flow sensitivity (net)    | Profit or loss |                |
|--------------------------------|----------------|----------------|
|                                | 25 bp increase | 25 bp decrease |
| <b>31-Mar-19</b>               |                |                |
| Variable rate loan instruments | 6.30           | (6.30)         |
| <b>31-Mar-18</b>               |                |                |
| Variable rate loan instruments | 7.60           | (7.60)         |

#### 41. Estimation uncertainty relating to the global health pandemic on COVID-19

The Covid-19 continues to spread across the globe and India, which has contributed to a significant decline in the economic activities and increased volatility in global and Indian Financial Markets. Given the virulent nature of the pandemic situation, the carrying value of the company's receivables as at 31st March, 2020, have not been impacted by the severity and duration of the outbreak and has not resulted in any credit loss. The Company believes that it has taken into account all the possible impact of known events arising out of Covid-19 pandemic in the preparation of financial results resulting out of fair valuation of these receivables. However, the impact assessment of Covid-19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes in this regard.

#### 42. First Time Ind AS Adoption Reconciliation

##### Effect of Ind AS adoption on the consolidated balance sheet as at 31st March, 2018

| Assets & Liabilities            | As at 31st Mar 18 |                                |                             |
|---------------------------------|-------------------|--------------------------------|-----------------------------|
|                                 | Previous GAAP     | Effect of transition to Ind AS | As per Ind AS balance sheet |
| <b>ASSETS</b>                   |                   |                                |                             |
| <b>Non-current assets</b>       |                   |                                |                             |
| Property, plant and equipment   | 2,588.61          | -                              | 2,588.61                    |
| Capital work-in-progress        | 61.31             | 7.95                           | 69.26                       |
| Intangible assets               | -                 | -                              | -                           |
| Financial assets                |                   |                                |                             |
| Investments                     | 5.00              | 1.05                           | 6.05                        |
| Other financial assets          | 93.37             | 0.00                           | 93.37                       |
| Other Non-current assets        | -                 | 27.78                          | 27.78                       |
| <b>Current assets</b>           |                   |                                |                             |
| Inventories                     | 1,612.79          | (15.42)                        | 1,597.37                    |
| Financial assets                |                   |                                |                             |
| Trade receivables               | 2,119.34          | (0.01)                         | 2,119.34                    |
| Cash and cash equivalents       | 70.36             | 28.27                          | 98.64                       |
| Other bank balances             | 181.81            | (23.74)                        | 158.07                      |
| Other financial assets          | 314.87            | 107.53                         | 422.40                      |
| Other current assets            | 181.36            | (133.42)                       | 47.95                       |
| <b>Total Assets</b>             | <b>7,228.83</b>   | <b>(0.00)</b>                  | <b>7,228.82</b>             |
| <b>EQUITY &amp; LIABILITIES</b> |                   |                                |                             |



| Assets & Liabilities           | As at 31st Mar 18 |                                |                             |
|--------------------------------|-------------------|--------------------------------|-----------------------------|
|                                | Previous GAAP     | Effect of transition to Ind AS | As per Ind AS balance sheet |
| <b>Equity</b>                  |                   |                                |                             |
| Equity Share capital           | 307.30            | -                              | 307.30                      |
| Other equity                   | 2,266.18          | 60.65                          | 2,326.83                    |
| <b>Non-current liabilities</b> |                   |                                |                             |
| Financial liabilities          |                   |                                |                             |
| Borrowings                     | 487.55            | (155.21)                       | 332.34                      |
| Provisions                     | 57.71             | -                              | 57.71                       |
| Deferred tax liabilities       | 140.10            | 66.79                          | 206.89                      |
| <b>Current liabilities</b>     |                   |                                |                             |
| Financial liabilities          |                   |                                |                             |
| Borrowings                     | 2,343.67          | 157.65                         | 2,501.32                    |
| Trade Payables                 | 848.85            | (12.96)                        | 835.89                      |
| Other financial liabilities    | 178.07            | 29.19                          | 207.26                      |
| Provisions                     | 334.11            | (159.88)                       | 174.24                      |
| Other current liabilities      | 265.29            | 13.76                          | 279.05                      |
| <b>Total liabilities</b>       | <b>7,228.83</b>   | <b>(0.00)</b>                  | <b>7,228.82</b>             |

Previous GAAP figures have been reclassified/regrouped wherever necessary to confirm with the financial statements prepared under Ind AS.

For and on behalf of Board

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

Date: September 18, 2020

Place: Hyderabad, Telangana

**Annexure – VII: Restated Statement of Accounting Ratios**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars   | As at 31st Mar 20 | As at 31st Mar 19 | As at 31st Mar 18 |
|---|-------------------|-------------------|-------------------|
| A Net Worth   | 6,459             | 4,488             | 2,634             |
| B Profit attributable to the owners of the equity                                 | 2,032             | 1,901             | 692               |
| Weighted no. of shares outstanding during the year                                |                   |                   |                   |
| C For basic earnings per share  | 76.83             | 76.83             | 76.83             |
| D For diluted earnings per share  | 76.83             | 76.83             | 76.83             |
| E Number of the shares outstanding at the end of the year -(Prior to bonus issue) | 76.83             | 30.73             | 30.73             |
| F Number of the shares outstanding at the end of the year -Refer Note 1 below.    | 76.83             | 76.83             | 76.83             |
| G Restated basic earnings per share(B/C)  | 26.44             | 24.75             | 9.01              |
| H Restated diluted earnings per share (B/D)                                       | 26.44             | 24.75             | 9.01              |
| I Return on net worth % (B/A)   | 31.46%            | 42.36%            | 26.28%            |
| J Net assets value per share of ₹ 10 each (Prior to bonus issue) (A/E)            | 84.06             | 146.06            | 85.72             |
| K Net assets value per share of ₹ 10 each (After to bonus issue) (A/C)            | 84.07             | 58.42             | 34.29             |
| L EBITDA  | 5,460             | 2,985             | 1,479             |
| M Face value  | 10.00             | 10.00             | 10.00             |

**Notes:**

- Earnings per share calculations are in accordance with Indian Accounting Standard 33-Earning Per Share, notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2015. As per Ind AS 33 paragraph 28, in case of bonus share, the number of shares outstanding before the event is adjusted for the proportionate change in the no. of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported.

2. The amounts disclosed are based on Restated Financial Information of the Company

|                                  |   |
|----------------------------------|---|
| Basic earnings per share         | <u>Net profit as restated ,attributable to the owners of the company</u><br>Weighted average no. of equity shares during the year   |
|                                  |   |
| Diluted earnings per share       | <u>Net profit as restated ,attributable to the owners of the company</u><br>Weighted average no. of dilutive equity shares during the year  |
|                                  |   |
| Return on net worth (%)          | <u>Net profit as restated ,attributable to the owners of the company</u><br>Net worth as restated ,including share capital and reserves and surplus, as restated at the end of the year |
|                                  |   |
| Net asset value per equity share | <u>Net worth as restated ,including share capital and reserves and surplus, as restated at the end of the year</u><br>No. of equity shares outstanding at the end of the year           |
|                                  |   |
| EBITDA                           | Profit before tax +Finance costs + Depreciation and amortisation expense  |

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

**Annexure – VIII: Restated Statement of Capitalisation**

(All Amounts in ₹ lacs, unless stated otherwise)

| Particulars   | Pre Issue as at 31st Mar 2020 | As adjusted for the issue (Post Issue)* |
|---|-------------------------------|---|
| <b>Borrowings:</b>  |                               |   |
| Current borrowings  | A                             | 2,703.34                                |
| Non current borrowings  | B                             | 334.60                                  |
| <b>Total borrowings</b>   | <b>C=A+B</b>                  | <b>3,037.94</b>                         |
| <b>Shareholder's fund (Net worth)</b>                               |                               |   |
| Share Capital   | C                             | 768.25                                  |
| Other Equity  | D                             | 5,690.27                                |
| <b>Total shareholder's fund(Net worth)</b>                          | <b>E=C+D</b>                  | <b>6,458.52</b>                         |
| <b>Non current borrowing's/shareholder's fund (Net worth) ratio</b> | <b>B/E</b>                    | <b>0.05</b>                             |
| <b>Total borrowings /shareholders' funds (Net worth) ratio</b>      | <b>C/E</b>                    | <b>0.47</b>                             |

**Notes:**

- 1) Non current borrowings are considered as borrowings other than short term borrowings and include current maturities of long term borrowings
- 2) The amounts disclosed above are based on the Restated Financial Information of the company.
- 3) On November 21, 2019, the shareholders of the company approved the issuance of bonus shares in the ratio 3:2 (3 Bonus shares for every 2 equity share held). Consequently, the no. of equity shares has increased from 30,73,000 equity shares to 76,82,500 equity shares .Accordingly ,the share capital has increased from 307.30 lacs to 768.25 lacs and the Reserves and surplus has decreased by 460.95 lacs

*\* These amounts (as adjusted for issue) are not determinable at this stage pending the completion of the book building process and hence have not been furnished. To be updated upon finalisation of the Offer price.*

**For and on behalf of Board**

**Rabindra Prasad Sinha**  
Executive Chairman  
DIN: 00413448

**S Chidambaranathan**  
Executive Vice Chairman  
DIN: 00485497

**Shreya Mitra**  
Company Secretary  
Membership No: A-46901

**T. Adinarayana & Co**  
Chartered Accountants  
Firm Regn. No: 000041S

**Amit Raj Sinha**  
Managing Director & CEO  
DIN: 01263292

**O. Subbarami Reddy**  
Chief Financial Officer

**Y.P. Rao**  
Proprietor  
ICAI Membership No: 025266

**Date: September 18, 2020**

**Place: Hyderabad, Telangana**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations, and our assessment of the factors that may affect our prospects and performance in future periods, together with our Restated Financial Statements for Financial Years 2020, 2019 and 2018, including the notes thereto and reports thereon, each included in this Red Herring Prospectus. Unless otherwise stated, financial information used in this section is derived from the Restated Consolidated Financial Statements.*

*While we have historically prepared our financial statements in accordance with Indian GAAP, in accordance with applicable law, we have transitioned our financial reporting from Indian GAAP to Ind AS, with April 1, 2017 as the transition date. This section includes a discussion of financial results for Financial Years 2020 and 2019, which were prepared under Ind AS, and of financial results for Financial Year 2018, which was originally prepared under the Indian GAAP. For the purposes of transition to Ind AS, we have followed the guidance prescribed in "Ind AS 101 - First Time adoption of Indian Accounting Standard". The Restated Financial Statements, prepared and presented in accordance with Ind AS and in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI ICDR Regulations and the "Guidance Note on Reports in Company Prospectus (Revised 2019)" issued by the ICAI.*

*Ind AS differs in certain material respects from Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which our 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 Ind AS. As a result, the Restated Financial Information Statements may not be comparable to our historical financial statements. For a reconciliation of Indian GAAP to Ind AS, please refer Note 30 and 41 pertaining to reconciliation between Indian GAAP and IND AS in the section titled "Financial Statements" on page 232.*

*This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance, which are subject to numerous risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements. You should also read "Forward-Looking Statements" and "Risk Factors" on pages 19 and 26, respectively, which discuss a number of factors and contingencies that could affect our business, financial condition and results of operations. Our Financial Year ends on March 31 of each year and accordingly, references to Financial Year, are to the 12-month period ended March 31 of the relevant year.*

### RESULTS OF OPERATIONS

| Particulars                                   | Fiscal 2020      |                | Fiscal 2019      |                | Fiscal 2018      |                |
|---|------------------|----------------|------------------|----------------|------------------|----------------|
|   | in Lacs          | %              | in Lacs          | %              | in Lacs          | %              |
| <b>i. Sale of products</b>                    |                  |                |                  |                |                  |                |
| <b>Export</b>                                 |                  |                |                  |                |                  |                |
| MCCP  | 8,326.26         | 59.87%         | 7,553.46         | 58.56%         | 5,547.02         | 55.07%         |
| Others  | 191.13           | 1.37%          | 157.87           | 1.22%          | 75.40            | 0.75%          |
| <b>Export revenues</b>                        | 8,517.39         | 61.25%         | 7,711.33         | 59.78%         | 5,622.42         | 55.82%         |
| <b>Domestic</b>                               |                  |                |                  |                |                  |                |
| MCCP  | 4,322.43         | 31.08%         | 4,282.58         | 33.20%         | 3,711.72         | 36.85%         |
| Others  | 33.83            | 0.24%          | 0.23             | 0.00%          | 107.25           | 1.06%          |
| <b>Domestic revenues</b>                      | 4,356.26         | 31.33%         | 4,282.81         | 33.20%         | 3,818.98         | 37.91%         |
| <b>Total revenue from sale of products</b>    | <b>12,873.65</b> | <b>92.57%</b>  | <b>11,994.14</b> | <b>92.99%</b>  | <b>9,441.39</b>  | <b>93.73%</b>  |
| <b>ii. Sale of services</b>                   |                  |                |                  |                |                  |                |
| Operational and Maintenance income            | 1,032.61         | 7.43%          | 904.67           | 7.01%          | 631.61           | 6.27%          |
| <b>Total Revenue from Operations (i + ii)</b> | <b>13,906.26</b> | <b>100.00%</b> | <b>12,898.81</b> | <b>100.00%</b> | <b>10,073.00</b> | <b>100.00%</b> |
| Other Operating Income                        |                  |                |                  |                |                  |                |

| Particulars                    | Fiscal 2020      |   | Fiscal 2019      |   | Fiscal 2018      |   |
|--------------------------------|------------------|---|------------------|---|------------------|---|
|                                | in Lacs          | % | in Lacs          | % | in Lacs          | % |
| - MEIS / Duty Drawback*        | 364.58           |   | 331.96           |   | 206.93           |   |
| - Non Operating Other Income   | 124.05           |   | 57               |   | 98.56            |   |
| <b>iii. Total Other Income</b> | <b>488.63</b>    |   | <b>388.96</b>    |   | <b>305.49</b>    |   |
| <b>Total Income (i+ii+iii)</b> | <b>14,394.90</b> |   | <b>13,287.77</b> |   | <b>10,378.49</b> |   |

Our Company's total income has seen a steady incline from ₹ 10,378.49 lacs in Financial Year 18 to ₹ 13,287.77 lacs in Financial Year 19 and then to ₹ 14,394.90 lacs in Financial Year 20. The increase in Financial Year 19 over Financial Year 18 is 28%, while the growth in total income in Financial Year 20 over Financial Year 19 is 8.33%.

The major product of our Company MCC clocked a sales figure of ₹ 9,258.74 lacs in Financial Year 18 and grew by 27.84% in Financial Year 19 to ₹ 11,836.04 lacs. The growth in MCC sales in Financial Year 20 has been 6.87% over Financial Year 19 clocking a sales revenue of ₹ 12,648.69 lacs.

Operations and maintenance revenues in Financial Year 18 were at ₹ 631.61 lacs which grew by 43.23% in Financial Year 19 to ₹ 904.67 lacs. In Financial Year 20 the same grew by 14.14% to clock revenue of ₹ 1,032.61 lacs.

For Financial Year 18, export revenues, domestic revenues and O&M constituted 55.82%, 37.91 and 6.27% of the total revenue from operations of ₹ 10,073 lacs. The same figures for Financial Year 19 stood at 59.78%, 33.20% and 7.01% of the total revenue from operations of ₹ 12,898.81. For Financial Year 20, our Company has total revenue from operations of ₹ 13,906.26 lacs of which export sales, domestic sales and O&M sales contributed 61.25%, 31.33% and 7.43% respectively.

\* Govt of India, through Ministry of Commerce and Industry on September 01, 2020, vide circular number 30/2015-2020, has capped the export incentives under the scheme, Merchant Export from India Scheme (MEIS), at ₹ 2 crore per exporter on outbound shipments made during the period from September 1 to December 31, 2020. The aforesaid cap on export incentive can further see downward revision in line with GOI's plan to curtail the cumulative incentive payment to ₹ 5,000 crores. Additionally, it has been notified that the MEIS scheme is to be withdrawn w.e.f. January 01, 2021 and that a new scheme will replace the current MEIS scheme.

| Particulars   | Fiscal 2020      |               | Fiscal 2019      |               | Fiscal 2018      |               |
|---|------------------|---------------|------------------|---------------|------------------|---------------|
|   | in Lacs          | % of Revenue  | in Lacs          | % of Revenue  | in Lacs          | % of Revenue  |
| <b>Income</b>   |                  |               |                  |               |                  |               |
| Revenue from Operations                                       | 13,906.26        | 96.61         | 12,898.81        | 97.07         | 10,073.00        | 97.06         |
| Other income  | 488.64           | 3.39          | 388.96           | 2.93          | 305.49           | 2.94          |
| <b>Total Revenue</b>  | <b>14,394.90</b> | <b>100.00</b> | <b>13,287.77</b> | <b>100.00</b> | <b>10,378.49</b> | <b>100.00</b> |
| <b>Expenses</b>   |                  |               |                  |               |                  |               |
| Cost of materials consumed                                    | 7,403.26         | 51.43         | 7,024.75         | 52.87         | 6,065.27         | 58.44         |
| Changes in inventories of finished goods and work-in-progress | -194.38          | -1.35         | 346.83           | -2.61         | 184.50           | -1.78         |
| Employee benefits expense                                     | 1,491.35         | 10.36         | 1,236.79         | 9.31          | 894.12           | 8.62          |
| Finance costs   | 234.47           | 1.63          | 345.09           | 2.60          | 379.01           | 3.65          |
| Depreciation and amortisation expense                         | 195.70           | 1.36          | 167.19           | 1.26          | 139.29           | 1.34          |
| Other expenses  | 2,730.11         | 18.97         | 2,387.94         | 17.97         | 2,124.99         | 20.47         |
| <b>Total Expenses</b>   | <b>11,860.51</b> | <b>82.39</b>  | <b>10,814.93</b> | <b>81.39</b>  | <b>9,418.19</b>  | <b>90.75</b>  |
| <b>Profit before tax</b>                                      | <b>2,534.39</b>  | <b>17.61</b>  | <b>2,472.84</b>  | <b>18.61</b>  | <b>960.30</b>    | <b>9.25</b>   |
| <b>Current Tax</b>  | <b>-486.48</b>   | <b>-3.38</b>  | <b>-509.61</b>   | <b>-3.84</b>  | <b>-272.00</b>   | <b>-2.62</b>  |
| <b>Deferred Tax</b>   | <b>-16.35</b>    | <b>-0.11</b>  | <b>-61.95</b>    | <b>-0.47</b>  | <b>3.94</b>      | <b>0.04</b>   |
| <b>Total Other comprehensive Income</b>                       | <b>-20.89</b>    |               | <b>-12.98</b>    |               | <b>3.58</b>      |               |
| <b>Net Profit for the year</b>                                | <b>2,010.66</b>  | <b>13.97</b>  | <b>1,888.29</b>  | <b>14.21</b>  | <b>695.82</b>    | <b>6.70</b>   |

### *Cost of materials consumed*

Cost of materials consumed comprises of raw material costs incurred in production of MCC. The primary raw materials involved in the manufacture of our products is wood pulp. Raw materials consumed represent a significant majority of our total expenditure. Cost of materials consumed accounted for 51.43%, 52.87% and 58.44% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

### *Changes in inventories of finished goods and work-in-progress*

Changes in inventories of finished goods and work-in-progress consists of costs attributable to an increase or decrease in inventory levels during the relevant financial period in finished goods and work-in progress. Changes in inventories of finished goods and work-in-progress accounted for (1.35)%, (2.61)% and (1.78)% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

### *Employee benefits expense*

Employee benefits expense includes (i) salaries and wages, including bonus; (ii) contribution to provident fund and other funds, and (iii) workmen and staff welfare expenses amongst other expenses for staffers at plants and at office. Employee benefits expense accounted for 10.36%, 9.31% and 8.62% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

### *Finance costs*

Finance cost include interest expense on working capital facilities, term loans and on vehicle loans. Finance costs accounted for 1.63%, 2.60% and 3.65% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

### *Depreciation and amortization expenses*

Depreciation represents depreciation on our property, plant and equipment. Amortization represents amortization of right of use assets and intangible assets. Depreciation is calculated on written down value method over the estimated useful life of all assets, these lives are in accordance with Schedule II to the Companies Act, 2013. The estimated useful lives, residual value and depreciation method are reviewed at end of each reporting period, with the effect of any change in estimate accounted for on prospective basis.

Depreciation and amortization expense accounted for 1.36%, 1.26% and 1.34% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

### *Other expenses*

Other expenses include factory expenses, freight charges, consumption of stores, spares and consumables, repairs and maintenance, travelling and conveyance, clearing and forwarding charges, selling and distribution expense, exhibition, conference and seminars, legal and professional fees, rent, miscellaneous expenses, corporate social responsibility expenditure, electricity charges, office expenses, insurance charges, donations and payment to auditors as statutory audit fees and for certification matters. Other expenses accounted for 18.97%, 17.97% and 20.47% of our revenue from operations for the Financial Year 2020, Financial Year 2019 and Financial Year 2018, respectively.

## **Financial Year 2020 compared with Financial Year 2019**

### *Total revenue*

Our total revenue increased by ₹ 1,107.13 lacs, or by 8.33%, from ₹ 13,287.77 lacs in the Financial Year 2019, to ₹ 14,394.90 lacs in the Financial Year 2020. This was primarily due to an increase in our revenue from operations, and aided by increase in other income as well.

### ***Revenue from Operations***

Our revenue from operations increased by ₹ 1,007.45 lacs or by 7.81% from ₹ 12,898.81 lacs in Financial Year 2019 to ₹ 13,906.26 lacs in Financial Year 2020. This increase was primarily driven by volume increase and also better realisations on MCC products due to optimal sales mix including special grades.

### ***Other Income***

Our other income increased by ₹ 99.67 lacs or by 25.63% from ₹ 388.96 lacs in Financial Year 2019 to ₹ 488.64 lacs in Financial Year 2020. This increase was driven by increase in MEIS income (operating other income) and net gain on foreign currency transactions and translations (non-operating other income).

### ***Expenditure***

Total expenses increased by ₹ 1,045.48 lacs or by 9.67% from ₹ 10,814.93 lacs in Financial Year 2019 to ₹ 11,860.51 lacs in Financial Year 2020. This increase was primarily driven by ₹ 378.50 lacs or by 5.39% increase in cost of materials consumed, ₹ 254.57 lacs or by 20.58% increase in employee benefit expenses and ₹ 342.16 lacs or by 14.33% increase in other expenses over Financial Year 2019.

#### ***Cost of materials consumed***

Cost of raw materials consumed increased marginally by ₹ 378.50 lacs or by 5.39% from ₹ 7,024.75 lacs in Financial Year 2019 to ₹ 7,403.26 lacs in Financial Year 2020 on account of higher production resulting from an increase in volume of sales. Cost of materials consumed as a percentage of total revenue however declined marginally from 52.87% in Financial Year 2019 to 51.43% in Financial Year 2020. This was typically due to the mix of products being manufactured by us with our focus on manufacturing products with higher profit margins.

#### ***Changes in inventories of finished goods and work-in-progress***

Changes in inventories of finished goods and work-in-progress reduced by ₹ 152.45 lacs or by 43.96% from a decrease of ₹ 346.83 lacs in Financial Year 2019 to a decrease of ₹ 194.38 lacs in Financial Year 2020. This was primarily attributable to higher conversion of work in progress and finished goods into sales revenue. This was also in tune with the management's decision to ensure enhanced production and managing continuity of production without any disruption arising from supply chain and logistics issues due to lockdown on account of COVID-19 pandemic.

#### ***Employee benefits expense***

Employee benefits expense increased by ₹ 254.57 lacs or by 20.58% from ₹ 1,236.79 lacs in Financial Year 2019 to ₹ 1,491.35 lacs in Financial Year 2020. This was primarily due to a general increase in the salaries and wages, including bonus paid to our employees, which resulted from an increase in the number of employees due to general growth in our manpower requirements for business operations. Employee benefit expenses contributed 9.31% of the total revenues for the Financial Year 2019 vis-à-vis 10.36% of the total revenues for the Financial Year 2020.

#### ***Finance costs***

Finance costs decreased by ₹ 110.62 lacs or by 32.06% from ₹ 345.09 lacs in Financial Year 2019 to ₹ 234.47 lacs in Financial Year 2020. This decrease in finance costs was primarily on account of repayment of loans and also securing lowered interest rates from our lenders in Financial Year 2020. As a percentage of total revenue, Finance costs contributed 1.63% of the total revenues for the Financial Year 2020 vis-à-vis 2.61% of the total revenues for the Financial Year 2019.

#### ***Depreciation and amortisation expense***



Our depreciation and amortization expense increased by ₹ 28.51 lacs, or 17.05%, from ₹ 167.19 lacs in Financial Year 2019 to ₹ 195.70 lacs in Financial Year 2020. The increase in depreciation was primarily due to purchase of balancing plant and machineries at all our locations in Financial Year 2020.

#### *Other expenses*

Other expenses increased by ₹ 342.16 lacs or by 14.33% from ₹ 2,387.94 lacs in Financial Year 2019 to ₹ 2,730.11 lacs in Financial Year 2020. This was primarily due an increase of (i) ₹ 117.05 lacs in manufacturing expenses, including power & fuel, repairs and maintenance and labour wages and (ii) ₹ 225.11 lacs in selling, professional consultancy and travel amongst other expenses.

#### *Profit before tax*

In light of above discussions, our profit before tax increased marginally by ₹ 61.55 lacs or by 2.49% from ₹ 2,472.84 lacs in Financial Year 2019 to ₹ 2,534.39 lacs in Financial Year 2020.

#### *Tax expense*

Our total tax expense decreased by ₹ 68.73 lacs or by 12.03% from ₹ 571.56 lacs in Financial Year 2019 to ₹ 502.83 lacs in Financial Year 2020. This was largely driven by a reduction in deferred tax (credit) of ₹ 45.60 lacs and a reduction in current tax by a sum of ₹ 23.13 lacs in Financial Year 2020.

#### *Profit*

For the various reasons discussed above, and following adjustments for tax expense, we recorded an increase in our profit by ₹ 122.37 lacs or by 6.48% from ₹ 1,888.29 lacs in Financial Year 2019 to ₹ 2,010.66 lacs in Financial Year 2020. Profit after tax as a percentage of total revenue stood at 13.97% for Financial Year 2020 versus 14.21% for Financial Year 2019.

### **Financial Year 2019 compared with Financial Year 2018**

#### *Total revenue*

Our total revenue increased by ₹ 2,909.28 lacs, or by 28.03%, from ₹ 10,378.49 lacs in the Financial Year 2018, to ₹ 13,287.77 lacs in the Financial Year 2019. This was primarily due to an increase in our revenue from operations.

#### *Revenue from Operations*

Our revenue from operations increased by ₹ 2,825.21 lacs or by 28.05% from ₹ 10,073.00 lacs in Financial Year 2018 to ₹ 12,898.81 lacs in Financial Year 2019. This increase was primarily driven by volume increase and also better realisations on MCC products due to optimal product mix including special grade.

#### *Other Income*

Our other income increased by ₹ 83.47 lacs or by 27.32% from ₹ 305.49 lacs in Financial Year 2018 to ₹ 388.96 lacs in Financial Year 2019. This increase was driven by increase in MEIS income (operating other income).

#### *Expenditure*

Total expenses increased by ₹ 1,396.74 lacs or by 14.83% from ₹ 9,418.19 lacs in Financial Year 2018 to ₹ 10,814.93 lacs in Financial Year 2019. This increase was primarily driven by ₹ 959.48 lacs or by 15.82% increase in cost of materials consumed, ₹ 342.66 lacs or by 38.32% increase in employee benefit expenses and ₹ 262.95 lacs or by 12.37% increase in other expenses over Financial Year 2018.

#### *Cost of materials consumed*

Cost of raw materials consumed increased by ₹ 959.48 lacs or by 15.82% from ₹ 6,065.27 lacs in Financial Year 2018 to ₹ 7,024.75 lacs in Financial Year 2019 on account of higher production resulting from an increase in volume of sales. Cost of materials consumed as a percentage of total revenue however declined marginally from 58.44% in Financial Year 2018 to 52.87% in Financial Year 2019. This was typically due to the mix of products being manufactured by us with our focus on manufacturing products with higher realizations.

#### *Changes in inventories of finished goods and work-in-progress*

Changes in inventories of finished goods and work-in-progress reduced further by ₹ 162.33 lacs or by 87.98% from a decrease of ₹ 184.50 lacs in Financial Year 2018 to a decrease of ₹ 346.83 lacs in Financial Year 2019. This was primarily attributable to higher production schedule resulting into work in progress and finished goods at the year end.

#### *Employee benefits expense*

Employee benefits expense increased by ₹ 342.66 lacs or by 38.32% from ₹ 894.12 lacs in Financial Year 2018 to ₹ 1,236.79 lacs in Financial Year 2019. This was primarily due to a general increase in the salaries and wages, including bonus paid to our employees, which resulted from an increase in the number of employees due to general growth in our manpower requirements for business operations. Employee benefit expenses contributed 8.62% of the total revenues for the Financial Year 2018 vis-à-vis 9.31% of the total revenues for the Financial Year 2019.

#### *Finance costs*

Finance costs decreased by ₹ 33.92 lacs or by 8.95% from ₹ 379.01 lacs in Financial Year 2018 to ₹ 345.09 lacs in Financial Year 2019. This was the initial stage of rationalising our finance costs which we had undertaken with the aim of reducing debt and consequent finance costs to boost the bottom-line, without sacrificing growth. As a percentage of total revenue, Finance costs contributed 2.60% of the total revenues for the Financial Year 2019 vis-à-vis 3.65% of the total revenues for the Financial Year 2018.

#### *Depreciation and amortisation expense*

Our depreciation and amortization expense increased by ₹ 27.90 lacs, or 20.03%, from ₹ 139.29 lacs in Financial Year 2018 to ₹ 167.19 lacs in Financial Year 2019. The increase in depreciation was primarily due to regular purchase of balancing plant and machineries at all our locations in Financial Year 2019, needed to compliment the growth in our Company's turnover.

#### *Other expenses*

Other expenses increased by ₹ 262.95 lacs or by 12.37% from ₹ 2,124.99 lacs in Financial Year 2018 to ₹ 2,387.94 lacs in Financial Year 2019. This was primarily due an increase of (i) ₹ 163.07 lacs in manufacturing expenses, including power & fuel, repairs and maintenance, labour wages and water charges and (ii) ₹ 99.88 lacs in rates and taxes, selling expenses, professional consultancy and travel amongst other expenses.

#### *Profit before tax*

In light of above discussions, our profit before tax increased by ₹ 1,512.54 lacs or by 157.51% from ₹ 960.30 lacs in Financial Year 2018 to ₹ 2,472.84 lacs in Financial Year 2019. Our profit before tax as a percentage of total revenue stood at 18.61% for the Financial Year 2019 versus 9.25% for the Financial Year 2018.

#### *Tax expense*

Taking into view the increase in growth and turnover, our total tax expense increased by ₹ 303.50 lacs or by 113.22% from ₹ 268.06 lacs in Financial Year 2018 to ₹ 571.56 lacs in Financial Year 2019. This was largely driven by increase in current tax ₹ 272.00 lacs in Financial Year 2018 to ₹ 509.61 lacs in Financial Year 2019 and deferred tax of ₹ 61.95 lacs in Financial Year 2019.

## ***Profit***

For the various reasons discussed above, and following adjustments for tax expense, we recorded an increase in our profit by ₹ 1,192.47 lacs or by 171.38% from ₹ 695.82 lacs in Financial Year 2018 to ₹ 1,888.29 lacs in Financial Year 2019. Profit after tax as a percentage of total revenue stood at 14.21% for Financial Year 2019 versus 6.70% for Financial Year 2018.

## **Cash Flows**

The following table sets forth certain information relating to our cash flows under Ind AS in Financial Year 2020, Financial Year 2019 and Financial Year 2018:

| <b>Particulars</b>                                     | <b>As at 31st Mar 20</b> | <b>As at 31st Mar 19</b> | <b>As at 31st Mar 18</b> |
|--|--------------------------|--------------------------|--------------------------|
| Net cash flow from operating activities                | 1,213.86                 | 1,445.88                 | 623.98                   |
| Net cash flow used in investing activities             | (682.41)                 | (595.93)                 | (379.20)                 |
| Net cash flow (used in)/from financing activities      | 314.29                   | (893.42)                 | (315.58)                 |
| Net increase in cash and cash equivalents              | 845.74                   | (43.47)                  | (70.80)                  |
| Cash and cash equivalents at the beginning of the year | 213.24                   | 256.70                   | 327.51                   |
| Cash and cash equivalents at the end of the year       | 1,058.98                 | 213.24                   | 256.70                   |

### *Net cash generated from operating activities*

Net cash generated from operating activities in the Financial Year 2020 was ₹ 1,213.86 lacs and our profit before tax that period was ₹ 2,534.39 lacs. The difference was primarily attributable to Depreciation of ₹ 195.70 lacs, Finance costs of ₹ 234.47 lacs and thereafter change in inventories, trade receivables, trade payables and other liabilities of ₹ 536.24 lacs, ₹ 289.76 lacs, 161.27 lacs and 641.88 lacs respectively, resulting in gross cash generated from operations at ₹ 1,700.28 lacs. We paid an income tax of ₹ 486.48 lacs.

Net cash generated from operating activities in the Financial Year 2019 was ₹ 1,455.88 lacs and our profit before tax that period was ₹ 2,472.84 lacs. The difference was primarily attributable to Depreciation of ₹ 167.19 lacs, Finance costs of ₹ 345.09 lacs and thereafter change in inventories, trade receivables, trade payables and other liabilities of ₹ 658.81 lacs, ₹ 440.37 lacs, 48.52 lacs and 465.10 lacs respectively, resulting in gross cash generated from operations at ₹ 1,948.63 lacs. We paid an income tax of ₹ 509.61 lacs.

Net cash generated from operating activities in the Financial Year 2018 was ₹ 623.98 lacs and our profit before tax that period was ₹ 960.30 lacs. The difference was primarily attributable to Depreciation of ₹ 139.29 lacs, Finance costs of ₹ 379.01 lacs and thereafter change in inventories, trade receivables, trade payables and other liabilities of ₹ 151.49 lacs, ₹ 674.33 lacs, 45.81 lacs and 288.14 lacs respectively, resulting in gross cash generated from operations at ₹ 895.98 lacs. We paid an income tax of ₹ 272.00 lacs.

### *Net cash used in investing activities*

In the Financial Year 2020, our net cash used in investing activities was ₹ 682.41 lacs, which was primarily for purchase of plant and machinery of ₹ 592.59 lacs and other assets of ₹ 96.54 lacs. We also received interest income of ₹ 6.71 lacs during the said year.

In the Financial Year 2019, our net cash used in investing activities was ₹ 595.93 lacs, which was primarily for purchase of plant and machinery of ₹ 593.85 lacs and other assets of ₹ 16.89 lacs. Our Company also received inflows from interest income and investments of ₹ 8.76 lacs and ₹ 6.05 lacs respectively.

In the Financial Year 2018, our net cash used in investing activities was ₹ 379.20 lacs, which was primarily for purchase of plant and machinery of ₹ 446.32 lacs. We had receipts from sale of other assets of ₹ 54.51 lacs. Our Company also received inflows from interest income and investments of ₹ 8.62 lacs and ₹ 3.98 lacs respectively.

### *Net cash generated from/ used in financing activities*

In the Financial Year 2020, our net cash generated from financing activities was ₹ 314.29 lacs. This reflected ₹ 67.59 lacs received as proceeds from long term borrowing (net), ₹ 500.77 lacs received as proceeds from short term borrowings (net). There were also payments towards loans finance costs of ₹ 234.47 lacs and ₹ 36.05 lacs paid towards dividend on equity shares.

In the Financial Year 2019, our net cash used in financing activities was ₹ 893.42 lacs. This was primarily due to repayment of ₹ 210.03 lacs as long term borrowing (net), ₹ 298.75 lacs repaid as short term borrowings (net), in addition to payments towards loans finance costs of ₹ 345.09 lacs and ₹ 36.05 lacs paid towards dividend on equity shares.

In the Financial Year 2018, our net cash used in financing activities was ₹ 315.58 lacs. This was primarily due to repayment of ₹ 56.57 lacs as long term borrowing (net), availing ₹ 144.26 lacs as short term borrowings (net), in addition to payments towards loans finance costs of ₹ 379.01 lacs and ₹ 36.11 lacs paid towards dividend on equity shares.

## LIQUIDITY AND CAPITAL RESOURCES

We fund our operations primarily with cash flow from operating activities and borrowings / credit facilities from banks. Our primary use of funds has been to pay for our working capital requirements and capital expenditures and for expansion of our manufacturing facilities. We evaluate our funding requirements regularly in light of our cash flow from our operating activities and market conditions. In case our cash flows from operating activities do not generate sufficient cash flows, we may rely on other debt or equity financing activities, subject to market conditions.

Our Company had consolidated cash and cash equivalents of ₹ 1,058.98 lacs as of March 31, 2020, ₹ 213.24 lacs as of March 31, 2019 and ₹ 256.70 lacs as of March 31, 2018. As of March 31, 2020, we had long term borrowings of ₹ 334.60 lacs and short term borrowings of ₹ 2,703.34 lacs. The following table sets forth certain information relating to our outstanding indebtedness as of March 31, 2020 and as of August 31, 2020:

| Sr. No | Category of borrowing  | Outstanding Amounts As of (₹ lacs) |                 |
|--------|------------------------|------------------------------------|-----------------|
|        |                        | March 31, 2020                     | August 31, 2020 |
| 1      | Secured                |                                    |                 |
|        | - Working Capital Loan | 2,501.80                           | 2,345.23        |
|        | - Term Loan            | 334.60                             | 319.02          |
|        | Sub Total (A)          | 2,836.4                            | 2,664.25        |
| 2      | Unsecured              |                                    |                 |
|        | - NBFC                 | 201.54                             | 154.70          |
|        | - Others               | --                                 | --              |
|        | - Related Parties      | --                                 | --              |
|        | Sub Total (B)          | 201.54                             | 154.70          |
|        | <b>Total (A+B)</b>     | <b>3,037.94</b>                    | <b>2,818.95</b> |

For further and detailed information on our indebtedness, see “Risk Factor No. 47 - Our agreements with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.” on page 47 and “Financial Indebtedness” on page 296.

## CONTINGENT LIABILITIES

### Contingent liabilities

As of March 31, 2020, the estimated amount of contingent liabilities and not provided for was ₹ 559.21 lacs. For further information on our contingent liabilities and commitments, see “Financial Statements” on page 296.

### Capital expenditures

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for investments in property, plant and equipment for our manufacturing facilities and other intangible assets that shall be utilised to further our business operations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

We do not have any off-balance sheet arrangements that have or which we believe reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, operating results, liquidity, capital expenditure or capital resources.

## **RELATED PARTY TRANSACTIONS**

We enter into various transactions with related parties in the ordinary course of business including sale of goods, rent paid and managerial remuneration. For further information relating to our related party transactions, see “*Financial Statements – Restated Financial Statements – Annexure VI- Notes to Restated Financial Statements – Note 34 – Related party disclosures*” on page 272.

## **Reservations, Qualifications and Adverse Remarks by the statutory auditors**

There are no reservations, qualifications and adverse remarks by our Statutory Auditors since incorporation.

## **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**

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 for Financial Year 2018, Financial Year 2019 and Financial Year 2020.

## **Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, since incorporation.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates. In the normal course of business, we are exposed to certain market risks including foreign exchange rate risk and interest risk.

### ***Interest rate risk***

Interest rate risk results from changes in prevailing market interest rates, which can cause a change in the fair value of fixed-rate instruments and changes in the interest payments of the variable-rate instruments. Our operations are funded to a certain extent by borrowings. Our current loan facilities carry interest at variable rates as well as fixed rates. We mitigate risk by structuring our borrowings to achieve a reasonable, competitive cost of funding. There can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

### ***Foreign exchange rate risk***

Changes in currency exchange rates influence our results of operations. We import all of our key raw materials, the price of which are denominated in foreign currency, which is mostly the United States Dollar. Our export sales, are primarily denominated in currencies other than Indian Rupees. Although we selectively enter into hedging transactions to minimise our foreign currency exchange risks, there can be no assurance that such measures will

enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the United States Dollar or other relevant foreign currencies.

### ***Liquidity risk***

Adequate and timely cash availability for our operations is the liquidity risk associated with our operations. We have availed working capital limits for our business operations such as maintaining and operating our manufacturing facility, marketing and sales, developing new products and enhance existing products and the failure to obtain such capital may adversely affect our growth prospects and future profitability.

### ***Credit Risk***

We are exposed to the risk that our counterparties may not comply with their obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities, primarily from trade receivables. Our customer base majorly has creditworthy counterparties which limits the credit risk, however, there can be no assurance that our counterparties may not default on their obligations, which may adversely affect our business and financial condition.

### ***General***

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate/government bonds and hence the evaluation of liability is exposed to fluctuations in the yields as at the valuation date.

**An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:**

#### ***1. 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.

#### ***2. Significant economic changes that materially affected or are likely to affect income from continuing operations.***

Apart from the risks as disclosed under Section “*Risk Factors*” beginning on page 26, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

#### ***3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the risks as disclosed under Section “*Risk Factors*” beginning on page 26, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

#### ***4. Future changes in relationship between costs and revenues***

Our Company’s future costs and revenues will be determined by demand/supply situation, both of the end products as well as the raw materials, government policies and budget constraints of our customer(s).

#### ***5. Increases in net sales or revenue and Introduction of new products or services or increased sales prices***

Increases in revenues are by and large linked to increases in volume of business and also dependent on the price realisation on our products.

#### **6. Status of any publicly announced New Products or Business Segment**

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.

#### **7. Total Turnover of Each Major Industry Segment in Which the Issuer Operates**

Our business is primarily into manufacturing of MCC and its derivatives and is a single reportable segment. Details of the industry turnover and other relevant information is disclosed in the section “*Industry Overview*” beginning on page 145.

#### **8. Seasonality of business**

Our Company’s business is not seasonal in nature.

#### **9. Any Major Dependence on a single or few suppliers or customers**

The % of contribution of our Company’s customer vis-à-vis the total revenue from operations respectively as on Fiscal 2018, 2019 and 2020 is as follows:

| Particulars | Top Customers as a percentage (%) of revenues |             |             |
|-------------|---|-------------|-------------|
|             | Fiscal 2020                                   | Fiscal 2019 | Fiscal 2018 |
| Top 5       | 38.36   | 41.49       | 38.49       |
| Top 10      | 53.50   | 53.68       | 51.17       |

| Particulars | Top Supplier as a percentage (%) of purchases |             |             |
|-------------|---|-------------|-------------|
|             | Fiscal 2020                                   | Fiscal 2019 | Fiscal 2018 |
| Top 5       | 75.46   | 77.92       | 69.52       |
| Top 10      | 84.92   | 88.61       | 79.81       |

#### **10. Competitive conditions:**

Competitive conditions are as described under the chapters “*Industry Overview*” and “*Our Business*” beginning on pages 145 and 159 respectively.

#### **11. Significant Developments after March 31, 2020 that may affect our results of operations**

There have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further information, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*”, “*Our Business*”, “*History and Certain Corporate Matters*” and “*Risk Factors*” on pages 284, 159, 193 and 26, respectively.

#### **Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID-19):**

In view of the nationwide lockdown announced by the Government of India to control the spread of COVID-19, the Company’s business operations were temporarily disrupted from March 24, 2020. The Company has resumed operations in a phased manner as per government directives, as we cater to the essential pharmaceutical sector. Based on the immediate assessment of impact of COVID-19 on the operations of the Company and on-going discussions with the Customers, vendors and service providers, the Company continues serving customer orders and obtaining regular supply of raw materials and logistics services. The Management has considered the possible effects, if any, that may result from the pandemic on the carrying amounts of its current and non-current assets, after considering internal and external sources of information as at the date of approval of these financial statements. The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the

carrying amounts of Trade Receivables and Inventories. In assessing recoverability of trade receivables, the Company has considered subsequent recoveries, past trends, credit risk profiles of the customers based on their industry, macroeconomic forecasts and internal and external information available up to the date of issuance of these financial statements. In assessing the recoverability of inventories, the Company has considered the cost prices, customer orders on hand and margins. Based on the above assessment, the Company is of the view that carrying amounts of trade receivables and inventories are expected to be realisable. The impact of COVID-19 may be different from that estimated as at the date of approval of these financial statements, and the Company will continue to closely monitor the developments.

The Company has concluded that the impact of COVID-19 is currently not material to our Company, based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.



## FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of all the borrowings of our Company together with a brief description of certain significant terms of such financing arrangements. As on August 31, 2020, our total outstanding secured borrowing on a standalone basis was ₹ 2,799.26 Lacs and total outstanding unsecured borrowing was ₹ Nil.

Further, pursuant to a special resolution passed in the Extra-ordinary General Meeting of our Company held on January 09, 2020, the Board of Directors are authorised to borrow, from time to time, such sum or sums of moneys as the Board may deem fit for the purpose of the business of the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), in excess to the aggregate of the paid – up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys borrowed by the Board of Directors and outstanding at one time shall not exceed ₹ 10,000 lacs.

### SECURED BORROWINGS

As on August 31, 2020, we have availed secured loans, the details of which are as under:

| (₹ in lacs) |   |  |                               |                 |   |  |
|-------------|---|--|-------------------------------|-----------------|---|--|
| Sr. No.     | Nature of Facilities  | Tata Capital Financial Services Limited* | Kotak Mahindra Bank Limited** | Total           | Amount outstanding as on March 31, 2020 | Amount outstanding as on August 31, 2020 |
| <b>1.</b>   | <b>Working Capital</b>  |  |                               |                 |   |  |
|             | Cash Credit   | -  | 1,400.00                      | 1,400.00        | 1,099.63                                | 1,037.13                                 |
|             | Working Capital Demand Loan   |  | (1,000.00)                    | (1,000.00)      | Nil                                     | Nil                                      |
|             | (Export Packing Credit / Post Shipment Credit Foreign Currency)                                 | -  | 800.00                        | 800.00          | 796.06                                  | 781.02                                   |
|             | (Foreign Bill Discounting / Foreign Bill Negotiation)   | -  | 600.00                        | 600.00          | 278.92                                  | 184.69                                   |
|             | Letter of Credit backed Bill Discounting  |  | (300.00)                      | (0.00)          | Nil                                     | Nil                                      |
|             | <b>Total Working Capital</b>  | <b>-</b>                                 | <b>2,800.00</b>               | <b>2,800.00</b> | <b>2,174.62</b>                         | <b>2,002.84</b>                          |
| <b>2.</b>   | <b>Term Loan Facilities</b>   |  |                               |                 |   |  |
|             | Term Loan   | 600.00                                   | 1,528.00                      | 2,128.00        | 289.65                                  | 270.99                                   |
|             | <b>Total Term Loan Facilities</b>   | <b>600.00</b>                            | <b>1,528.00</b>               | <b>2,128.00</b> | <b>289.65</b>                           | <b>270.99</b>                            |
| <b>3.</b>   | <b>Total Fund Based Limited (1+2)</b>   | <b>600.00</b>                            | <b>4,328.00</b>               | <b>4,928.00</b> | <b>2,464.27</b>                         | <b>2,273.83</b>                          |
| <b>4.</b>   | <b>Non-Fund Based</b>   |  |                               |                 |   |  |
|             | Inland Letter of Credit / Foreign Letter of Credit  | -  | 800.00                        | 800.00          | 401.53                                  | 77.80                                    |
|             | Buyers Credit backed by Standby Letter of Credit issued by Indian Branch of Kotak Mahindra Bank | -  | (800.00)                      | (800.00)        | 327.18                                  | 342.39                                   |
|             | Bank Guarantee  | -  | 75.00                         | 75.00           | 57.21                                   | 57.21                                    |
|             | <b>Total Non-Fund Based</b>   | <b>-</b>                                 | <b>875.00</b>                 | <b>875.00</b>   | <b>785.92</b>                           | <b>477.40</b>                            |
| <b>5.</b>   | <b>Value at Risk Limit-VAR</b>  | <b>-</b>                                 | <b>213.00</b>                 | <b>213.00</b>   |   |  |
|             | Mark to Market for Foreign Currency Term Loan   |  | (188.00)                      | (188.00)        | Nil                                     | Nil                                      |
|             | Mark to Market for Loan Equivalent Risk   |  | (25.00)                       | (25.00)         | Nil                                     | Nil                                      |
| <b>6.</b>   | <b>Total Credit Facilities (3 + 4 + 5)</b>  | <b>600.00</b>                            | <b>5,416.00</b>               | <b>6,016.00</b> | <b>3,250.18</b>                         | <b>2,751.23</b>                          |

*\*Tata Capital Financial Services Limited has sanctioned the abovementioned facilities vide its sanction letter dated November 02, 2018. However our Company has not availed the said loan till date.*

*\*\*Kotak Mahindra Bank Limited sanctioned the abovementioned facilities vide its sanction letter dated December 02, 2019.*

### **Principal terms of borrowings availed by the Company:**

#### **a. Interest:**

The interest rate charged by the banks forming a part of the consortium differs and the details of the same have been provided below:

- 1) *Working Capital Facilities:* The interest rate charged for working capital facilities is floating in nature, the rate charged by Kotak Mahindra Bank Limited is three months marginal cost of fund based lending rates (“**MCLR**”) plus 1.05% or as mutually agreed between the Bank and the Company at the time of disbursement.
- 2) *Term Loan Facility:* The interest rate charged for Term Loan is floating in nature, the rate charged by Kotak Mahindra Bank Limited is three months marginal cost of fund based lending rates (“**MCLR**”) plus 0.90% or as mutually agreed between the Bank and the Company at the time of disbursement.

The interest rate charged for the term loan facility charged by TATA Capital Financial Services Limited and Kotak Mahindra Bank Limited are floating in nature. The interest charged by TATA Capital Financial Services is linked to Long Term Lending Rate (“**LTLR**”) at the rate of 11.75%.

The company (Sigachi) did not avail any loan from TATA Capital Financial Services Limited till date (August 31, 2020).

- b. Tenor:** The tenor of the working capital facilities ranges from Sixty (60) days to twenty-four (24) months. The tenor of the term loan sanctioned from Tata Capital Financial Services Limited is forty-eight (48) months and of the term loan from Kotak Mahindra Bank Limited ranges from seventeen (17) months to sixty-six (66) months.

#### **c. Security Details of the above mentioned borrowings:**

##### **1) First charge on**

- all the present future current assets and movable fixed assets including book debt, outstanding monies receivable, claims, demands, bills, contracts, engagement and securities whatsoever being the receivable which are now due and owing or which may at any time hereafter during the continuance of the security becomes due and owing the Company in course of its business by any person, firm, company or body corporate, trust, society, HUF or by the government department or office or any municipal body or public or semi government body or authority or undertaking.
- all the present future stock in trade including raw material, finished and semi-finished goods, goods in process of manufacturing, consumable stores, other merchandise and whatsoever being stock now or at any time hereafter belonging to the Company or at the disposal of the Company and now or at any time hereafter stored or to be stored or brought into or upon the course of transit to the Company’s factory or premises or at any other place whatsoever and whosoever in the possession and occupation of at any other premises or place anywhere in India.
- all the present and future movable assets including all fixed assets, equipment, plant, machinery, appliances, vehicles, tools, fixtures, fittings, spare parts, accessories, any accretions, alterations, other merchandise and whatsoever being movable properties now or at any time hereafter lying, stored or to be stored or brought into or upon or in course of transit to the Company’s factory or premises or at any other place whatsoever and where over in possession and occupation or at any other premises or place anywhere in India.
- all present and future of the Company’s stocks of raw materials, goods-in-process, semi-finished and finished goods, consumable stores and spares and such other movables, including book debts, bills, whether

documentary or clean whether in the possession or under the control of the Company or not, whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of these presents be brought into or upon or be stored or be in or about all the Company's factories, premises and god owns or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery;

- all present and future equipment of the Company including its spares, tools and accessories, whether installed or not and whether in the possession or under the control of the Company, whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of these presents be brought into or upon or be stored or be in or about the Company's factories, premises and god owns or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery;
- all related movables in the course of transit or in the course of delivery whether now belonging or which may hereafter belong to the Company or which may be held by any person at any place within or outside India to the order or disposition of the Company and all documents of title including bills of lading, shipping documents, policies of insurance and other instruments and documents relating to such movables together with the benefits of all rights thereto.
- all present and future machinery, vehicles, motors, purchased/to be purchased including on deferred payment terms including its spares, tools and accessories, whether In the possession or under the control of the Company or not, whether now lying loose or in cases or which are now lying or stored in or about or shall hereafter from time to time during the continuance of these presents be brought into or upon or be stored or be stored or be in or about all the Company's factories, premises and god owns or wherever else the same may be or be held by any party to the order or disposition of the Company or in the course of transit or on high seas or on order or delivery;
- all the book debts, moneys, claims, demands, contracts, engagements, securities operating cash flows, receivables, all other current assets, commissions and revenues of the Company, both present and future; and
- all amounts owing to, and received and/or receivable by, the Company and/or any person on its behalf, all book debts, trade receivables, all cash flows and receivables and proceeds arising and all rights, title, interest, benefits, claims and demands whatsoever of the Company in, to or in respect of all the aforesaid assets, including but not limited to the Company's cash-in-hand, both present and future.

2) First charge on the equipment purchased from the loan, the details of which have been provided below:

Based on the sanction letter dated November 02, 2018 issued by Tata Capital Financial Services Limited (TCFSL), there has been a charge created on certain identified equipment(s) of the Company's Hyderabad, Dahej and Jhagadia units. However, our Company has not availed or drawn any amount from the sanctioned facility as on date.

3) For loan facility availed from Kotak Mahindra Bank Limited - First charge by way of equitable mortgage on:

- All that piece and parcel of land locate at factory land and building bearing plot number 20 in serial number 241 admeasuring 4843.80 sq. yards and 21 in serial number 242 admeasuring 3691.89 sq. yards situated at phase I, Industrial Development Area, Pashamyalaram Village, Patancheru Mandal District, 502 307, registered in the name of our Company;
- All that piece and parcel of 20% of undivided share of interest in land and building admeasuring about 904.88 square yards (out of 4,524.86 square yards) with a built up area of 360 feet bearing plot number 21 situated in and forming a part of serial number 339 at phase I, Industrial Development Area, Pashamyalaram Village, Patancheru Mandal, Sanga Reddy District in the name of our Company;

- All that piece and parcel of land locate at plot no. 33, H. No. 4-33. Ushodaya Enclave, Road No. 11, HIG (extent of 427.77 sq yard) II, Madinaguda, Serlingampally, Hyderabad – 500 049 registered in the name of Dr. C Dharani Devi;
- All that piece and parcel of land locate at flat bearing no. S-1, second floor of Jaya Villa, Hno. 8-2-293/82/HH/66/A plot no. 66 f HUDA heights, S no. 5(P) block J, TS Number 14(p), Block ward no. 12 of Hakimpet Village (Shaikpet) Situate at MLA colony road number 12, Banjara Hills, Golkonda Mandal, RR District – 500 034 registered in the name of Rabindra Prasad Sinha;
- All that piece and parcel of land locate at plot number 40, House number 4-40, Udhodya Enclave. Mytrinagar, Road no. 11, BHEL, Selingampally, RR district – 500 049 registered in the name of Sudha Sinha; and
- All that piece and parcel of land locate at agricultural land with total area of 21.34 acres bearing sy. No. 220, 220/A, 221, 221/A, 221/AA1, 225/A, 225/AA2, 225/AA, 226/A, 227/AA, 227/UU, 227/U, 229/E/3, 229/EE Nandigama, Ramayampet, Medak - 502101 registered in the name of RPS Projects and Developers Private Limited.
- All that pieces or parcels of Leasehold land together with Industrial Factory land and Building constructed on land area of an Industrial plot bearing Plot No. Z/16, admeasuring 10776.77 Sq. Mts. (tentative) together with construction standing thereon, having construction areas as per site measurement 4172 Sq. Mtrs. in Dahej SEZ, Gujarat. \*
- All that pieces or parcels of Leasehold land together with Industrial Factory land and Building constructed on land area of an Industrial plot bearing Plot No. 763/2, Revenue Survey No. 97 Paiki admeasuring 5846.90 Sq. Mts. together with construction standing thereon situated at Jhagadia GIDC Industrial Estate, Gujarat; and\*
- All that piece and parcel of Residential premises Bunglow No. 4, admeasuring 145.90 Sq. Mts. (Plot Area) together with undivided proportionate share of Road etc. admeasuring 15.05 sq. mts. total admeasuring 160.95 sq. mts. togetherwith construction standing thereon situated at “Maurya Hexed Bungalows” Beside Meghna Tenament, Off. Ankur to Ring Road, Naranpura, Mouje Vadaj, Taluka Sabarmati, Dist. Ahmedabad, Gujarat.\*

*\*Our Company has inadvertently failed to file form CHG-1 for registering the charge created on these properties with the Registrar of Companies.*

- d. Personal Guarantee:** Personal Guarantees have been provided by our Managing Director and Chief Executive Officer, Amit Raj Sinha and our Whole-time Directors namely, Rabindra Prasad Sinha, Chidambarnathan Shanmuganathan and Vijay Amrutlal Bhavsar. Our Corporate Promoter, RPS Projects and Developers Private Limited and member of our Promoter Group, Dr. Dharani Devi have also extended guarantees towards the repayment of the loan.
- e. Repayment:** The term loans availed by our Company are typically repayable in twenty - three (23) to sixty (60) monthly instalments and the working capital facilities are typically repayable on demand.
- f. Restrictive Covenants under the Secured Loans:**

Our Company shall not without the prior consent of the bank:

- deal with or dispose of any interest in the assets or part thereof, create or attempt to create any charge, lien or any further security interest or encumbrance of any kind, whatsoever, over the said assets or any part thereof;
- the equipment or machinery shall be located or installed at the asset location as mentioned in the sanction letter throughout the tenure of the facility and prior written consent of the Bank shall be taken in case of any change in location;

- remove or cause or permit to be removed any of the said assets from the place presently kept or sorted or will be kept or stored save and except the assets which are worn out or need to be replaced nor shall the Borrower divert or permit diversion of the said assets while in transit to be brought into or stored in the aforesaid place;
- raise any further loans or availing any facilities against the assets offered as security for the facilities for the bank;
- carry out any change in the shareholding/ directorship/ partnership/ ownership of the Company;
- repay any unsecured loans or advances availed from fiends/ relatives of the directors during the currency of the Bank's exposure;
- create any encumbrance, charge on the properties;
- sell or transfer/ alienate/ encumber or create third party rights in favour of anyone else in respect of and/ or recover and/ or realise any of the hypothecated properties upon being prohibited in writing by the Bank from doing so;
- create or attempt to create in favour of any other person any lien, charge, pledge, mortgage or other encumbrances over all or any of the hypothecated assets or over other similar assets whatsoever which the borrowers may acquire hereafter, ranking either priority to or *pari pasu* with or subsequent to the security in favour of the Bank and will not borrow any moneys against the hypothecated properties from any person without the previous consent in writing of the Bank save to the extent as permitted expressly in writing by the Bank or as stated hereinbefore;
- keep the said hypothecated properties in marketable state and good and substantial repair and condition and in thorough working order and will not make any alterations therein;
- directly or indirectly assign or in any manner transfer whether in whole or part any rights and/or obligations under the deed;
- reduce or change the promoter shareholding or change the promoter directorship resulting in change in management control;
- pledge of shares by promoters which may potentially change management control (if pledge is enforced);
- sell or create in favour of any other party any mortgage, lien or charge or otherwise howsoever create any other encumbrances or any interest in the Property nor shall the Company purport to create or enter into any agreement or arrangement to create such mortgage, lien or charge and it is further agreed that the Company shall not, during the subsistence of the Company and until payment of all dues, enter into any agreement for sale;
- notify the Bank of any error or misstatement or change in any of the particulars relating to the property within 10 days after the discovery of such error or misstatement or change in the particulars;
- shall not commit (during the subsistence of the mortgage) any act or deed whereby its interest in the Property is likely to be terminated or cancelled;
- the power of leasing in respect of the Property or any part thereof contained in Section 65A of the Transfer of Property Act shall not be exercised by the Company except with the prior permission of the Bank and in order to preserve the mortgage security during the subsistence of the mortgage and until payment of all dues of the Bank;
- shall not transfer or part with possession or create tenancy or license or induct any third party therein without the prior permission of the Bank;
- take any further loans during the pendency of the loan;
- not divert the funds availed from the Bank, during the pendency of the loan;
- inform the Bank about the initiation of any proceedings under the willful defaulters and export and credit guarantee corporation against the Company, its director, associates, group companies, family concerns and their directors, etc.;
- shall open a current account with any bank;
- not utilise the facility only for the purpose for which it was extended by the Bank; and
- shall keep the bank informed of the happenings- any event likely to have a substantial effect on their stock, production sales, profits, etc., and such changes in the senior management, labour problems, go-down locations, power cut cases filed against the borrower, happenings in the associate concerns, etc. along with the remedial measures proposed and also provide for the details of any addition or deletion of associate or sister concerns.

## VEHICLE LOANS

Our Company has availed the following vehicle loans from certain institutions, the details of which are as under:

| <b>Lender</b>               | <b>Loan Amount<br/>(₹ in lacs)</b> | <b>Amount outstanding as on March 31, 2020<br/>(₹ in lacs)</b> | <b>Amount outstanding as on August 31, 2020<br/>(₹ in lacs)</b> | <b>Rate of Interest<br/>(% p.a.)</b> | <b>Repayment Schedule</b>       | <b>Security</b>                            |
|-----------------------------|------------------------------------|--|---|--------------------------------------|---------------------------------|--|
| ICICI Bank                  | 16.10                              | 9.62   | 8.28  | 8.40%                                | 60 equated monthly installments | Hyundai Elantra CRDI SX(o) BS IV           |
| Canara Bank                 | 14.0                               | 4.09   | 3.79  | 9.85%                                | 60 equated monthly installments | Hyundai Creta 1.6 DI SX(o) BS IV           |
| Kotak Mahindra Bank         | 12.74                              | 8.85   | 7.82  | 10.34%                               | 47 equated monthly installments | Tata Winger Monocpque High proof 16 Seater |
| Kotak Mahindra Bank         | 11.78                              | 7.17   | 5.94  | 10.34%                               | 47 equated monthly installments | Tata Winger Monocoque 13 Seater]           |
| Volkswagen Finance Pvt. Ltd | 17.86                              | 2.41   | 0.96  | 9.99%                                | 60 equated monthly installments | Skoda Octavia Ambition MT (BSIV)]          |
| Kotak Mahindra Bank         | 14.50                              | 12.81  | 11.65   | 9.50%                                | 48 equated monthly installments | Innova Crysta 2.47GX7STR Q7                |
| Kotak Mahindra Bank         | 10.24                              | NIL  | 9.59  | 8.30%                                | 36 equated monthly installments | KIA Seltos Smartstream G 1.5 6MT HTK       |

## UNSECURED BORROWINGS

Our Company had not availed any unsecured loans as of date of this Draft Red Herring Prospectus. However our Subsidiary, Sigachi US Inc. has availed an unsecured loan as under:

| <b>Sr. No</b> | <b>Nature of Facilities</b>                                      | <b>Amount outstanding as on March 31, 2020</b> | <b>Amount outstanding as on September 18, 2020</b> |
|---------------|--|--|--|
| 1             | Unsecured Loan from Amico USA LLC<br>Rate of Interest 9.17% p.a. |  |  |
|               | \$ in lacs   | 2.55   | 1.35   |
|               | ₹ in lacs  | 193.00   | 99.26  |

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no: (i) criminal proceedings; (ii) actions by statutory or regulatory authorities; (iii) claims relating to direct and indirect taxes; (iv) disciplinary actions including penalties imposed by SEBI or Stock Exchanges against the Promoters in the last five financial years, including any outstanding action; or (v) Material Litigation (as defined below); involving our Company, Directors, Promoters and Subsidiaries.

Our Board, in its meeting held on August 26, 2020, determined that outstanding legal proceedings involving the Company, its Directors, Promoters and Subsidiaries: (a) where the aggregate amount involved, in such individual litigation exceeds 10% of the total revenue of our Company, as per last audited financial statements on a consolidated basis i.e. ₹ 1,439.49 lacs; or (b) where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in such single litigation individually may not exceed 10% of the total revenue of the Company as per the last audited financial statements on a consolidated basis, if similar litigations put together collectively exceed 10% of the profit after tax of the Company, on a consolidated basis, or (c) litigations whose outcome could have a material impact on the business, operations, prospects or reputation of our Company, will be considered as material litigation ("**Material Litigation**").

Our Board of Directors considers dues owed by our Company to the small scale undertakings and other creditors exceeding 20% of the trade payables for the last audited financial statements on a consolidated basis i.e. ₹ 144.63 lacs, as material dues for the Company. This materiality threshold has been approved by our Board of Directors pursuant to the resolution passed on August 26, 2020. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**"), the disclosure will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Statutory Auditors.

Except as stated in this section, there is no outstanding litigation involving our Subsidiary, which will have a material impact on our Company.

All terms defined in a particular litigation are for that particular litigation only.

#### 1. LITIGATION INVOLVING OUR COMPANY

##### i. Litigation against our Company

###### 1. Criminal Proceedings

Nil

###### 2. Actions taken by Statutory/Regulatory Authorities

Nil

###### 3. Tax Proceedings

Below are the details of pending tax cases involving our Company, specifying the number of cases pending and the total amount involved:

| (₹ in lacs)         |                 |                  |
|---------------------|-----------------|------------------|
| Particulars         | Number of cases | Amount involved* |
| <b>Indirect Tax</b> |                 |                  |
| Sales Tax/VAT       | Nil             | Nil              |
| Central Excise      | Nil             | Nil              |
| Customs             | Nil             | Nil              |
| Service Tax         | 01              | 559.21           |
| <b>Total</b>        | <b>01</b>       | <b>559.21</b>    |

| <i>Direct Tax</i>               |            |            |
|---------------------------------|------------|------------|
| Cases filed against our Company | Nil        | Nil        |
| Cases filed by our Company      | Nil        | Nil        |
| <b>Total</b>                    | <b>Nil</b> | <b>Nil</b> |

*\*To the extent quantifiable*

4. *Other Material Litigations*

Nil

**ii. Litigation by our Company**

1. *Criminal Proceedings*

Nil

2. *Civil and other Material Litigations*

Nil

**2. LITIGATION INVOLVING OUR PROMOTERS**

*Cases filed against our Promoters*

1. *Criminal Proceedings*

Nil

2. *Actions taken by Statutory/Regulatory Authorities*

Nil

3. *Tax Proceedings*

Nil

4. *Other Material Litigations*

Nil

*Cases filed by our Promoters*

1. *Criminal Proceedings*

Nil

2. *Other Material Litigations*

Nil

*Disciplinary action against our Promoters by SEBI or any stock exchange in the last five Fiscals*

As on date of this Draft Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against our Promoters in the last five Fiscals including any outstanding action.

**3. LITIGATION INVOLVING OUR DIRECTORS**



***Cases filed against our Directors***

***1. Criminal Proceedings***

Nil

***2. Actions taken by Statutory/Regulatory Authorities***

Nil

***3. Tax Proceedings***

Nil

***4. Other Material Litigations***

Nil

***Cases filed by our Directors***

***1. Criminal Proceedings***

Nil

***2. Other Material Litigations***

Nil

**4. LITIGATION INVOLVING OUR SUBSIDIARY**

***Cases filed against our Subsidiary***

***1. Criminal Proceedings***

Nil

***2. Actions taken by Statutory/Regulatory Authorities***

Nil

***3. Tax Proceedings***

Nil

***4. Other Material Litigations***

Nil

***Cases filed by our Subsidiary***

***1. Criminal Proceedings***

Nil

## 2. Other Material Litigations

Nil

## 5. LITIGATION INVOLVING OUR GROUP COMPANIES

As on date of this Draft Red Herring Prospectus, we do not have any Group Companies.

## 6. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy dated August 26, 2020, our Company has 01 material creditors, as on date of this Draft Red Herring Prospectus.

As on date of this Draft Red Herring Prospectus, our Company has no amount payable or outstanding towards small-scale undertakings. Details of amounts outstanding to material and other creditors is as follows:

| (₹ in lacs)                                  |                  |               |
|--|------------------|---------------|
| Particulars                                  | No. of Creditors | Amount        |
| Outstanding dues to material creditors       | 01               | 240.41        |
| Outstanding dues to small scale undertakings | Nil              | Nil           |
| Outstanding dues to other creditors          | 354              | 482.73        |
| <b>Total outstanding dues</b>                | <b>355</b>       | <b>723.14</b> |

Complete details of outstanding dues to our creditors as on March 31, 20120 are available at the website of our Company, [www.sigachi.com](http://www.sigachi.com). Information provided on the website of our Company is not a part of this Draft Red Herring 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.sigachi.com](http://www.sigachi.com), would be doing so at their own risk. For further details, refer to the section titled "*Financial Information*" on page 232 of this Draft Red Herring Prospectus.

## 7. MATERIAL DEVELOPMENT SINCE MARCH 31, 2020.

There have not arisen, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on page 284 of this Draft Red Herring Prospectus.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*We are required to obtain consents, licenses, registrations, permissions and approvals for carrying out our present business activities. Our Company has obtained the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. For details in connection with the regulatory and legal framework within which we operate, please refer the chapter “Key Industrial Regulations and Policies” on page 181 of this Draft Red Herring Prospectus. The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities.*

*The following statements set out the details of licenses, permissions and approvals taken by our Company under various central and state laws for carrying out the business:*

### ***I. Issue related Approvals***

For the approvals and authorizations obtained by our Company in relation to the Issue, see “*Other Regulatory and Statutory Disclosures – Authority for the Issue*” on page 318 of this Draft Red Herring Prospectus.

### ***II. Approvals from the Stock Exchanges***

- a) Our Company has received an in-principle approval from the NSE dated [●] for listing of Equity Shares issued pursuant to the Issue.
- b) Our Company has received an in-principle approval from the BSE dated [●] for listing of Equity Shares issued pursuant to the Issue.
- c) Our Company’s ISIN is INE0D0K01014.

### ***III. General Approvals***

- a) Certificate of Incorporation dated January 11, 1989 under the Companies Act, 1956 issued by Registrar of Companies, Andhra Pradesh.
- b) Certificate of Incorporation dated March 29, 2012 under the Companies Act, 1956 issued by Registrar of Companies, Andhra Pradesh, consequent upon change of name of our Company to “*Sigachi Industries Limited*”.
- c) Certificate of Incorporation dated December 09, 2019 under the Companies Act, 2013 issued by Registrar of Companies, Andhra Pradesh and Telangana, consequent upon conversion of our Company from a private limited company to a public limited company and subsequent change of name to “*Sigachi Industries Limited*”.
- d) Certificate of registration under the Employee State Insurance Act, 1948 bearing registration number 52000107360000304.
- e) Intimation letter dated December 16, 1994 issued for allotment of code number AP/HY/27345 issued by the Regional Provident Fund Commissioner, Andhra Pradesh.
- f) Provisional trade license dated March 07, 2020 issued under Sections 521 and 622 of the Hyderabad Municipal Corporate Act, 1955 issued by the Commissioner, GHMC, Hyderabad.
- g) Industrial Entrepreneurs Memorandum dated June 22, 2012 bearing entrepreneurs memorandum number 280042200820 issued by the General Manager District Industries Centre, Government of Andhra Pradesh, Ministry of Commerce and Industry for manufacturing micro crystalline cellulose, chlorinated paraffin and hydrochloric acid.

- h) Certificate of Importer-Exporter Code dated January 04, 2018 bearing IEC number 0991028759 issued by Foreign Trade Development Officer, Ministry of Commerce and Industry.
- i) Udyog aadhar certificate dated October 13, 2017 bearing number TS25C0000466 issued by Ministry of Micro, Small and Medium Enterprises, Government of India.

#### **IV. Tax Related Approvals**

- a) Our Company's Permanent Account Number dated May 05, 2012 issued by the Income Tax Department is AACCS8339R.
- b) Our Company's Tax Deduction and Collection Number dated May 19, 2020 issued by the Income Tax Department is HYDS02266F.
- c) Registration certificate of Goods and Services Tax (Telangana) bearing registration number 36AACCS8339R1ZI dated February 20, 2020 issued by the Government of India.
- d) Registration certificate of Goods and Services Tax (Gujarat) bearing registration number 24AACCS8339R1ZN dated February 14, 2020 issued by the Government of India.
- e) Profession Tax Payer Registration Certificate (Telangana) bearing registration number 36704783423 dated March 15, 2011 issued by the Commercial Taxes Department, Government of Andhra Pradesh issued under the Andhra Pradesh Tax on Professions, Trades, Callings and Employment Act, 1987.
- f) Profession Tax Payer Enrollment Certificate (Telangana) bearing registration number 210520137863 dated March 15, 2011 issued by the Commercial Taxes Department, Government of Andhra Pradesh issued under the Andhra Pradesh Tax on Professions, Trades, Callings and Employment Act, 1987.

#### **V. Business Related Approvals**

As mentioned hereinabove, we require various approvals, licenses, registrations and permits to carry on our operations in India. Some of these may expire in the ordinary course of business and applications for renewal of such approvals are submitted in accordance with applicable procedures and requirements. An indicative list of the material approvals required by our Company for conducting our operations is provided below.

1. The following is the list of the business related approvals which have been availed for our manufacturing unit situated at plot number 20 and 21, phase –1, IDA, Pashammailaram, Isanpur, Sangareddy, Hyderabad – 502 307, Telangana, India:

| <b>Sr. No.</b> | <b>Type of License/Approval</b>  | <b>Issuing Authority</b>                                  | <b>Reference / License No.</b> | <b>Registration / Date of Issue/Renewal</b> | <b>Valid up to</b> |
|----------------|--|---|--------------------------------|---|--------------------|
| 1.             | License to work a factory  | Inspector of Factories, Andhra Pradesh                    | 42472                          | June 14, 2020                               | -                  |
| 2.             | Consent order for establishment of the Board, expansion of the Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 | Member Secretary, Telangana State Pollution Control Board | 05/TSPCB/CFE/RO-SRI/HO/2017    | July 07, 2017                               | July 06, 2022      |

| Sr. No. | Type of License/Approval  | Issuing Authority  | Reference / License No.                | Registration / | Date of Issue/Renewal   | Valid up to       |
|---------|---|--|--|----------------|---|-------------------|
| 3.      | Consolidated Consent and Authorisation for the use of outlet for the discharge of trade effluent and emission due to operation of industrial plant                              | Member Secretary, Telangana State Pollution Control Board                                      | TSPCB/RCP/HO/CFO/2017 /881             |                | June 03, 2017   | March 31, 2022    |
| 4.      | Certificate of registration issued for registering “Microcrystalline Cellulose & Co-Processed Excipients” with Jamiat Ulama Halal Foundation*                                   | General Secretary, Jamiat Ulama Halal Foundation   | 09/07/0450/0276/19/1119/456/1          |                | November 19, 2019   | November 17, 2020 |
| 5.      | Registration certificate issued under the Contract Labour (Regulation and Abolition) Act, 1970.   | Office of the Regional Officer, Labour Department,   | CLP/SAN/ACL/SR/03867/2020              |                | January 06, 2020  | January 05, 2021  |
| 6.      | Certificate for use of package boiler*  | Director of Boilers, Telangana state, Hyderabad  | 08/2020-21<br>Boiler number : MR/11257 |                | June 01, 2020   | March 01, 2021    |
| 7.      | Certificate for use of package boiler*  | Deputy Health Officer (south zone), Health License Department, Ahmedabad Municipal Corporation | 113/2019-20<br>Boiler number : TS/451  |                | October 29, 2019  | October 17, 2020  |
| 8.      | License issued under Food Safety & Standards Authority of India*  | Central Licensing Authority, Food Safety & Standards Authority of India                        | 10016047000622                         |                | Date of the license: April 27, 2020<br>Date of renewal: June 28, 2020 | June 27, 2021     |
| 9.      | License Retention Fee Certificate   | Licensing Authority, Joint Director (FAC), Drug Control Administration, Telangana state        | 190/MD/AP/95/B/R                       |                | December 23, 2017   | December 31, 2022 |
| 10.     | USA Food and Drug Registration Certificate  | Food and Drug Administration Authority, United States of America                               | 12850320602                            |                | December 31, 2018   | December 31, 2020 |
| 11.     | License to sell, stock, exhibit or offer for sale or distribute by wholesale drugs or other than those specified in Schedule C, C(I) and X of the Drugs and Cosmetics Act, 1940 | Licensing Authority, Assistant Director, Drugs Control Administration                          | TS/SGY/2018-31978                      |                | January 24, 2018  | January 23, 2021  |
| 12.     | Certificate for Good manufacturing practices as stipulated in Schedule ‘M’ of the Drugs and Cosmetics Rules, 1945   | Deputy Director and Certifying Authority, Drug Control Administration, Government of Telangana | 8051/E1/2018                           |                | February 28, 2019   | December 31, 2022 |
| 13.     | Registration cum membership certificate   | Deputy Director, CHEMEXCIL   | CHEM/SSM-CUM-ME/S-19/2017-18/150       |                | May 03, 2017  | May 02, 2022      |

| Sr. No. | Type of License/Approval   | Issuing Authority                    | Reference / License No. | Registration / | Date of Issue/Renewal | Valid up to       |
|---------|--|--------------------------------------|-------------------------|----------------|-----------------------|-------------------|
|         | issued by the Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)  |                                      |                         |                |                       |                   |
| 14.     | Diesel generator set certificate   | Manager, Supernova Engineers Limited | SG/12-13/110            |                | November 20, 2012     | -                 |
| 15.     | Membership Certificate of the Company in Hyderabad Waste Management Project for managing hazardous wastes. | Hyderabad Waste Management Project   | SANPASS003              |                | December 23, 2019     | December 22, 2020 |

*\*The name of our Company has been changed from Sigachi Industries Private Limited to Sigachi Industries Limited, pursuant to conversion of our Company from a private limited company to public limited company on these licenses. However, our Company is in the process of applying for changing its name on the other licenses.*

2. The following is the list of the business related approvals which have been availed for our manufacturing unit situated at plot no-Z-16, SEZ unit, Dahej SEZ part-1, Dahej, Bharuch- 392 130, Gujarat, India

| Sr. No. | Type of License/Approval   | Issuing Authority  | Reference / License No.                  | Registration / | Date of Issue/Renewal | Valid up to        |
|---------|--|--|--|----------------|-----------------------|--------------------|
| 1.      | License to work a factory  | Deputy Director, Industrial Safety and Health, Bharuch   | 1188/17012/2015<br>License Number: 22926 |                | January 24, 2017      | December 31, 2021  |
| 2.      | Eligibility certificate for setting up of a unit at No. Z/103/E in the designated area of Dahej Special Economic Zone, Dahej, District Bharuch.  | Office of the Development Commissioner, Dahej Special Economic Zone, Ministry of Commerce and Industry | KASEZ/DCO/DAHEJ/II/07/2008-2009          |                | July 10, 2015         | -                  |
| 3.      | Letter of Approval issued under the Special Economic Zones Act, 2005 for the establishment of a new unit to manufacture micro crystalline cellulose  | Development Commissioner, Dahej Special Economic Zone  | KASEZ/DCO/DAHEJ/II/07-2008-09            |                | August 30, 2017       | August 29, 2022    |
| 4.      | Approval for commercial production at Dahej SEZ  | Development Commissioner, Dahej Special Economic Zone  | KASEZ/DCO/Dahej/II/18/2008-2009          |                | August 30, 2012       | -                  |
| 5.      | Consent order for establishment of the Board, expansion of the Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 | Gujarat Pollution Control Board  | GPCB/BRCH/-B/CCA-134(2)/ID-28614/430931  |                | December 20, 2017     | December 19, 2022  |
| 6.      | Consolidated Consent and Authorisation for the use of outlet for the discharge of trade effluent and   | Gujarat Pollution Control Board  | AWH-107857                               |                | April 17, 2020        | September 15, 2024 |

| Sr. No. | Type of License/Approval  | Issuing Authority  | Reference / License No.                | Registration | Date of Issue/Renewal  | Valid up to       |
|---------|---|--|--|--------------|--|-------------------|
|         | emission due to operation of industrial plant*  |  |  |              |  |                   |
| 7.      | Certificate of substances division*   | European Directorate for the Quality of Medicines                            | R0-CEP 2014-097-Rev 01                 |              | August 19, 2020<br>Date of renewal: April 24, 2020                 | April 23, 2025    |
| 8.      | Permission to manufacture and market products under the Drugs & Cosmetics Act, 1940 and rules made thereunder   | Commissioner, Food & Drug Control Administration, Gujarat                    | AP/SIGACHI/2019/SC-1/34900/B           |              | April 15, 2019   | -                 |
| 9.      | Permission to manufacture and market products under the Drugs & Cosmetics Act, 1940 and rules made thereunder   | Commissioner, Food & Drug Control Administration, Gujarat                    | AP/Sigachi Inds. /2015/SC-3/41098/B    |              | April 30, 2015   | -                 |
| 10.     | Permission to set up group testing authorities for Chemical & Physio Chemical & Microbiological Testing under the Drugs & Cosmetics Act, 1940 and rules made thereunder | Commissioner, Food & Drug Control Administration, Gujarat                    | Group Lab/Sigachi/2017/SC-3/2571416/ B |              | March 07, 2017   | -                 |
| 11.     | License under Food & Drugs Control Administration*  | Commissioner, Food & Drugs Control Administration                            | G/25/2017                              |              | June 10, 2020  | May 21, 2025      |
| 12.     | License under Drugs & Cosmetics Act, 1940 and rules thereunder to manufacture additional products*  | Commissioner, Food & Drugs Control Administration                            | G/25/2017                              |              | July 17, 2020  | May 21, 2025      |
| 13.     | License under the Food Safety & Standards Act, 2006 for manufacturing and exporting 99.1 food additives – Microcrystalline Cellulose                                    | Central Licensing Authority, FSSAI   | 10016021002112                         |              | Date of the license: April 30, 2020<br>Renewal date: June 21, 2020 | June 20, 2022     |
| 14.     | Registration certificate under the US Food and Drug Administration Facility   | Food and Drug Administration Authority, United States of America             | 119118384032                           |              | October 24, 2018   | December 31, 2020 |
| 15.     | Free sale certificate issued for manufacturing and marketing of products under the Drugs & Cosmetics Act, 1940*   | Commissioner, Food & Drug Control Administration, Gujarat state, Gandhinagar | -                                      |              | March 13, 2020   | March 12, 2022    |
| 16.     | License to manufacture for sale or distribution of drugs other than those specified in Schedule C, C(1) and X of the Drugs & Cosmetics Act, 1940*                       | Commissioner, Food & Drugs Control Administration                            | G/25/2017                              |              | June 10, 2020  | May 22, 2025      |
| 17.     | License to sell, stock or exhibit (or offer) for sale   | Assistant Commissioner,  | GJ-BHA-135272                          |              | June 29, 2016  | June 28, 2021     |

| Sr. No. | Type of License/Approval  | Issuing Authority   | Reference / License No.          | Registration / | Date of Issue/Renewal | Valid up to   |
|---------|---|---|----------------------------------|----------------|-----------------------|---------------|
|         | or distribute by wholesale, drugs other than those specified in Schedules C, C (1 ) and X of the Drugs & Cosmetic Act, 1940   | Food & Drugs Control Administration                         |                                  |                |                       |               |
| 18.     | License to sell, stock or exhibit (or offer) for sale or distribute by wholesale drugs specified in Schedules C and C(1) excluding those specified in Sch. X of the Drugs & Cosmetics Act, 1940 | Assistant Commissioner, Food & Drugs Control Administration | GJ-BHA-135273                    |                | June 29, 2016         | June 28, 2021 |
| 19.     | Registration cum membership certificate issued by the Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)   | Deputy Director, CHEMEXCIL                                  | CHEM/SSM-CUM-ME/S-19/2017-18/150 |                | May 03, 2017          | May 02, 2022  |
| 20.     | Approval for storage of petroleum not exceeding 20 kilo liter of Class C in 01 above ground tank in the factory premises  | Deputy Controller of Explosives , Vadodara                  | A/P/WB/GJ/15/176 (P366243)       |                | October 14, 2015      | -             |
| 21.     | Membership certificate for common incineration facility for a quantity of 10 metric ton per year granted by Bharuch Enviro Infrastructure Limited   | Bharuch Enviro Infrastructure Limited                       | CI/BD/086                        |                | October 18, 2018      | -             |
| 22.     | Membership certificate for common solid waste disposal facility for a quantity of 06 metric ton per year granted by Bharuch Enviro Infrastructure Limited                                       | Bharuch Enviro Infrastructure Limited                       | Oth/ 486                         |                | December 18, 2015     | -             |

*\*The name of our Company has been changed from Sigachi Industries Private Limited to Sigachi Industries Limited, pursuant to conversion of our Company from a private limited company to public limited company on these licenses. However, our Company is in the process of applying for changing its name on the other licenses.*

3. The following is the list of the business related approvals which have been availed for our manufacturing unit situated at plot no-763/2, GIDC, Jhagadia GIDC, Bharuch- 393 110, Gujarat, India

| Sr. No. | Type of License/Approval   | Issuing Authority                                    | Reference / License No.                              | Registration / | Date of Issue/Renewal | Valid up to       |
|---------|--|--|--|----------------|-----------------------|-------------------|
| 1.      | License to work a factory  | Deputy Director, Industrial Safety and Health Branch | Registration 308/26999/2010<br>License number: 10212 | number:        | July 30, 2019         | December 31, 2020 |
| 2.      | Consent order for establishment of the Board, expansion of the Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and under Section 21 of the Air (Prevention and Control | Gujarat Pollution Control Board                      | License GPCB/BRCH/NOC-3824/ID:10733/46788            | Number:        | March 19, 2018        | March 18, 2023    |



| Sr. No. | Type of License/Approval  | Issuing Authority   | Reference / Registration / License No.                 | Date of Issue/Renewal | Valid up to       |
|---------|---|---|--|-----------------------|-------------------|
|         | of Pollution) Act, 1981   |   |  |                       |                   |
| 3.      | Consolidated Consent and Authorization for the use of outlet for the discharge of trade effluent and emission due to operation of industrial plant                      | Gujarat Pollution Control Board                           | AWH-78208  | April 18, 2016        | February 28, 2021 |
| 4.      | Entrepreneurs memorandum for setting up micro, small and medium enterprises   | District Industries Centre, Bharuch                       | IEM number: 24-021-12-01437<br>DIC/BHRE/EM/Part-2/7094 | July 22, 2010         | -                 |
| 5.      | Permission to set up group testing authorities for Chemical & Physio Chemical & Microbiological Testing under the Drugs & Cosmetics Act, 1940 and rules made thereunder | Commissioner, Food & Drug Control Administration, Gujarat | Group Lab/Sigachi/2017/SC-3/<br>2571416/ B             | March 07, 2017        | -                 |
| 6.      | License under Food & Drugs Control Administration*  | Commissioner, Food & Drugs Control Administration         | G/25/2186  | June 10, 2020         | May 21, 2025      |
| 7.      | Registration cum membership certificate issued by the Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)   | Deputy Director, CHEMEXCIL                                | CHEM/SSM-CUM-ME/S-19/2017-<br>18/150                   | May 03, 2017          | May 02, 2022      |
| 8.      | Membership Certificate issued for common waste disposal facility  | Bharuch Enviro Infrastructure Limited                     | Jhg/022  | March 12, 2016        | -                 |
| 9.      | Membership Certificate issued for common incineration facility  | Bharuch Enviro Infrastructure Limited                     | CI/JHG/011   | March 12, 2016        | -                 |

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## VI. Quality Related Approvals

- The following is the list of the quality related approvals which have been availed for our manufacturing unit situated at plot number 20 and 21, phase –1, IDA, Pashammallaram, Isanpur, Sangareddy, Hyderabad – 502 307, Telangana, India:

| Sr. No. | Type of License / Approval   | Issuing Authority                     | Registration No.           | Date of Issue    | Valid upto        |
|---------|--|---------------------------------------|----------------------------|------------------|-------------------|
| 1.      | Attestation of conformity of raw materials granted by ECOCERT Greenlife for ensuring compliance with the standard COSMOS (v3.0- January 2019) of non-organic raw materials | Raw Material Service Manager, ECOCERT | Attestation number: 853271 | January 08, 2020 | December 31, 2020 |

| Sr. No. | Type of License / Approval   | Issuing Authority                                | Registration No.                            | Date of Issue      | Valid upto        |
|---------|--|--|---|--------------------|-------------------|
| 2.      | Certificate issued for maintenance of management systems as per Food Safety Systems Certification 22000 (ISO 22000:2005, ISO/TS 22002-1:2009 and additional FSSC 22000) in production of Micro Crystalline Cellulose / Powdered Cellulose by Hydrolysis, Filtration, Drying, Milling, Blending and Packing for food applications | Certification body at TUV NORD CERT GmnH         | 4429515390673                               | September 20, 2018 | July 22, 2021     |
| 3.      | Certificate issued for maintenance of management systems as per ISO 9001:2015 in manufacturing and supply of Micro Crystalline Cellulose, Powdered Cellulose & Co-Processed Excipients   | Certification body at TUV NORD CERT GmnH         | 44 100 960675                               | May 27, 2018       | March 28, 2021    |
| 4.      | Certificate of Registration issued for recognition of quality management system which complied with ISO 9001:2015 in manufacturing, sales and export of excipients.  | United Registrar of Systems                      | 111469/A/0001/UK/En and 111469/A/0002/UK/En | July 12, 2020      | July 11, 2023     |
| 5.      | Certificate issued for certifying that the manufacturing process of “Micro Crystalline Cellulose & Co-processed Excipients” has no additives, does not contain any animal content and is a genuine Kosher product*   | Managing Trustee, Keneseth Eliyahoo Synagogue    | -   | May 04, 2020       | May 03, 2021      |
| 6.      | Certificate of registration issued for registering “Microcrystalline Cellulose & Co-Processed Excipients” with Jamiat Ulama Halal Foundation*  | General Secretary, Jamiat Ulama Halal Foundation | 09/07/0450/0276/19/1119 /456 /1             | November 19, 2019  | November 17, 2020 |

*\*The name of our Company has been changed from Sigachi Industries Private Limited to Sigachi Industries Limited, pursuant to conversion of our Company from a private limited company to public limited company on these licenses. However, our Company is in the process of applying for changing its name on the other licenses.*

2. The following is the list of the quality related approvals which have been availed for our manufacturing unit situated at plot no-Z-16, SEZ unit, Dahej SEZ part-1, Dahej, Bharuch- 392 130, Gujarat, India:

| Sr. No. | Type of License / Approval                     | Issuing Authority          | Registration No. | Date of Issue  | Valid upto     |
|---------|--|----------------------------|------------------|----------------|----------------|
| 1.      | Certificate issued for meeting requirements of | Certification Manager, SGS | IN/EXP/17/500102 | April 30, 2020 | April 17, 2023 |

| Sr. No. | Type of License / Approval  | Issuing Authority                                | Registration No.              | Date of Issue  | Valid upto     |
|---------|---|--|-------------------------------|----------------|----------------|
|         | EXCiPACT™ Good Manufacturing Practices for Pharmaceutical Excipient*  | EXCiPACT   |                               |                |                |
| 2.      | Certificate of Registration issued for recognition of quality management system which complied with ISO 9001:2015 in manufacturing, sales and export of excipients.   | United Registrar of Systems                      | 111469/A/0003/UK/En           | July 12, 2020  | July 11, 2023  |
| 3.      | Certificate issued to certify that the product micro crystalline cellulose & co-processed excipients being exported abroad by the Company are Kosher*   | Managing Trustee, Keneseth Eliyahu Synagogue     | -                             | May 04, 2020   | May 03, 2021   |
| 4.      | Certificate of registration issued for registering “Microcrystalline Cellulose”, “Microcrystalline Cellulose & Carboxymethylcellulose Sodium”, “Silicified MCC”, “BARETab PH” with Jamiat Ulama Halal Foundation* | General Secretary, Jamiat Ulama Halal Foundation | 06/14/0983/0791/20/0320/002/1 | April 04, 2020 | March 16, 2021 |

*\*The name of our Company has been changed from Sigachi Industries Private Limited to Sigachi Industries Limited, pursuant to conversion of our Company from a private limited company to public limited company on these licenses. However, our Company is in the process of applying for changing its name on the other licenses.*

3. The following is the list of the business related approvals which have been availed for our manufacturing unit situated at plot no-763/2, GIDC, Jhagadia GIDC, Bharuch- 393 110, Gujarat, India

| Sr. No. | Type of License / Approval   | Issuing Authority                            | Registration No.    | Date of Issue     | Valid upto        |
|---------|--|--|---------------------|-------------------|-------------------|
| 1.      | Certificate issued for certifying that the manufacturing process of “Micro Crystalline Cellulose & Co-processed Excipients” has no additives, does not contain any animal content and is a genuine Kosher product* | Managing Trustee, Keneseth Eliyahu Synagogue | -                   | May 04, 2020      | May 03, 2021      |
| 2.      | Certificate issued for maintenance of management systems as per ISO 9001:2015 in manufacturing and supply of Micro Crystalline Cellulose, Filter-aid Cellulose & Cellulose Powder                                  | Certification body at TUV NORD CERT GmnH     | QM 02 01325         | February 16, 2019 | February 15, 2022 |
| 3.      | Certificate of Registration issued for recognition of quality management   | United Registrar of Systems                  | 111469/A/0004/UK/En | July 12, 2020     | July 11, 2023     |

| Sr. No. | Type of License / Approval   | Issuing Authority                                | Registration No.              | Date of Issue     | Valid upto        |
|---------|--|--|-------------------------------|-------------------|-------------------|
|         | system which complied with ISO 9001:2015 in manufacturing, sales and export of excipients.   |  |                               |                   |                   |
| 4.      | Certificate of registration issued for registering “Microcrystalline Cellulose” with Jamiat Ulama Halal Foundation*  | General Secretary, Jamiat Ulama Halal Foundation | 18/17/1414/1211/20/0717/228/2 | July 14, 2020     | July 20, 2021     |
| 5.      | Certificate issued for applying HACCP system in line with Codex Alimentarius Commission, recommended international code of practice – general principles of food hygiene CAC/RCP 1-1969, rev. 4 (2003) for wood pulp receipt, hydrolysis, filtration, fluidized, bed drying, packing of various grades of Microcrystalline Cellulose | TUV NORD CERT GmbH                               | 44 112 19392651               | November 16, 2019 | November 15, 2022 |

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**VII. Approvals received for the expansion of our production facilities for microcrystalline cellulose (MCC) at Jhagadia :**

| Sr. No. | Type of License / Approval                               | Issuing Authority                          | Registration No. | Date of Issue   | Valid upto |
|---------|--|--|------------------|-----------------|------------|
| 1.      | Approval for the expansion of the production facilities. | Gujarat Industrial Development Corporation | 1459             | August 07, 2019 | -          |

**VIII. Intellectual Property Related Approvals**

**a) Trademarks**

Our Company owns the following trademark:

| Sr. No. | Description | Class | Registration Number | Valid up to   |
|---------|-------------|-------|---------------------|---------------|
| 1.      | BravoAd     | 02    | 2771286             | July 10, 2024 |
| 2.      | BRAVOAD     | 05    | 2764967             | June 30, 2024 |

Our Company has entered into a deed of assignment dated April 04, 2019 with Amit Raj Sinha Family Trust, one of our promoter group entities (hereinafter referred to as the “Assignee”) and a supplemental deed of assignment dated September 14, 2020 with the Assignee. Vide this deed of assignment, our Company on receiving a consideration of ₹ 2.40 lacs from the Assignee has assigned the following trademarks to the Assignee which were registered in its name or in the name of Sigachi Plasticisers Private Limited, which is now amalgamated with our Company. The supplemental deed of assignment provides our Company with the unrestricted, non-exclusive, non-transferable, non-sub licensable non royalty bearing right to use the trademarks mentioned below for manufacturing, selling, trading, exporting or carrying on any other allied activity in the ordinary course of business with respect to the goods manufactured by our Company. The right to use of such trademarks is valid for a period of five (05) years until March 31, 2020.

| Sr. No. | Description | Class | Registration Number | Valid up to       |
|---------|-------------|-------|---------------------|-------------------|
| 1.      | PURETALC    | 05    | 3190008             | February 19, 2026 |
| 2.      | STARGEL     | 05    | 3190009             | February 19, 2026 |
| 3.      | FILLERLAC   | 05    | 3190010             | February 19, 2026 |
| 4.      | AceFibre    | 01    | 3443423             | December 28, 2026 |
| 5.      | AceFibre    | 05    | 3443424             | December 28, 2026 |
| 6.      | AceFibre    | 31    | 3443425             | December 28, 2026 |
| 7.      | AceFibre    | 32    | 3443426             | December 28, 2026 |
| 8.      | BARETab     | 05    | 3786051             | March 23, 2028    |
| 9.      | FILTERCEL   | 01    | 1831491             | June 22, 2029     |
| 10.     | GLOCEL      | 05    | 1831490             | June 22, 2029     |
| 11.     | CoatCel     | 01    | 2118690             | March 21, 2021    |
| 12.     | CoatCel     | 05    | 2118691             | March 21, 2021    |
| 13.     | AceCel      | 05    | 2118693             | March 21, 2021    |
| 14.     | SIGACHI     | 35    | 1831495             | June 22, 2029     |
| 15.     | SIGACHI     | 01    | 1831494             | June 22, 2029     |
| 16.     | SIGACHI     | 04    | 1831493             | June 22, 2029     |
| 17.     | SIGACHI     | 05    | 1831492             | June 22, 2029     |

The following trademark applications which have been opposed have also been assigned to the Assignee:

| Sr. No. | Particulars of the mark | Trademark No. | Class | Date of Application |
|---------|-------------------------|---------------|-------|---------------------|
| 1.      | HILOSE                  | 3000741       | 05    | July 06, 2015       |
| 2.      | CosmoCel                | 2889308       | 03    | January 27, 2015    |
| 3.      | HiCel                   | 2118692       | 05    | March 21, 2011      |

#### b) Patent:

Our Company has applied for registration of the following patent:

| Sr. No. | Description   | Application Number | Date of filing   |
|---------|---|--------------------|------------------|
| 1.      | Application made to register the patent titled as "BARETabPH" which relates to the composition of a ready to use premix having innovative multifunctionality which can be used in the continuous manufacturing of direct compressible tablet for pharmaceutical applications. | 201841039157       | October 16, 2018 |

#### IX. Material approvals of our Subsidiary

The material licenses of our wholly owned subsidiary, Sigachi US, Inc. are provided below:

- Certificate of incorporation dated January 20, 2017 issued to Sigachi US, Inc. by State Corporate Commission, Virginia, United States of America.
- Letter dated July 23, 2019 issued by Electronic Federal Tax Payment System for notifying the enrollment number (138310343071327091) to our Subsidiary.
- Registration certificate dated October 25, 2018 issued by the U.S. Food and Drug Administration Food Facility Registration for providing domestic registration to our Subsidiary, which is valid until December 31, 2020.

#### X. Licenses/ Approvals for which applications have been made by our Company and Subsidiary and are pending:

Nil

***XI. Licenses/ Approvals for which applications have been made by our Company for the expansion of our production facilities for microcrystalline cellulose (MCC) at Jhagadia :***

Our Company has *vide* an application dated August 19, 2020 bearing number 181094 applied to the Gujarat Pollution Control Board for obtaining the approval for expansion of our production facilities situated at Jhagadia.

***XII. Licenses / approvals which have expired and for which renewal applications have not been made by our Company and Subsidiary.***

The following licenses have expired and have not been renewed by our Company:

- a) Certificate issued for applying HACCP system in line with Codex Alimentarius Commission, recommended international code of practice – general principles of food hygiene CAC/RCP 1-1969, rev. 4 (2003) issued for our manufacturing unit situated at plot no-Z-16, SEZ unit, Dahej SEZ part-1, Dahej, Bharuch- 392 130, Gujarat, India has expired on February 13, 2018 and has not been renewed by our Company;
- b) Certificate issued for applying quality management system in line with ISO 9001: 2015 for manufacture and supply of cellulose based excipients for pharma, food and cosmetics use issued for our manufacturing unit situated at plot no-Z-16, SEZ unit, Dahej SEZ part-1, Dahej, Bharuch- 392 130, Gujarat, India has expired on September 08, 2020 and has not been renewed by our Company;
- c) The registration certificates issued under the Contract Labour (Regulation and Abolition) Act, 1970 have expired on September 20, 2020 for the manufacturing units situated at Dahej and Jhagadia and have not been renewed by our Company; and
- d) The Good manufacturing practices certificate issued for bulk drug or excipient for our manufacturing units situated at Dahej has expired on September 16, 2020 and has not been renewed by our Company.

***XIII. Licenses / Approvals which are required but not yet applied for by our Company and Subsidiary:***

- 1) Our Company has not applied for the following licenses:
  - a) profession Tax Payer Registration Certificate for our manufacturing units situated at Gujarat under the Gujarat State Tax on Profession, Trade, Calling and Employment Act, 1976;
  - b) fire no-objection certificate for our manufacturing unit situated at Hyderabad, Telangana
- 2) Our Company is in the process of applying for change of its name from Sigachi Industries Private Limited to Sigachi Industries Limited on the licenses and approvals availed by it.
- 3) Our Company is yet to apply for material licenses and approvals for expansion of our production facilities situated at Dahej, Gujarat. For details with respect to the risks related to the same, please refer to “*Risk Factor No. 29 – “Our application for renewal of certain licenses, approvals and registrations, which are required for our Company's operations and business, are pending before the relevant authorities. Further, some of the licenses and approvals have not been availed by our Company. Not receiving these licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company's operations”*” at page 40 of this Draft Red Herring Prospectus.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Issue**

- The Board, pursuant to its resolution dated December 10, 2019, authorised the Issue subject to approval of the shareholders of our Company under Section 62(1) (c) of the Companies Act, 2013.
- The Shareholders of our Company have, by a special resolution passed at an EGM held on January 09, 2020, approved and authorized the Issue.
- The Board and IPO Committee have approved this Draft Red Herring Prospectus pursuant to its resolution dated September 27, 2020.
- SEBI observation letter bearing reference no. [●] dated [●].
- In-principle approval for the listing of our Equity Shares from NSE dated [●].
- In-principle approval for the listing of our Equity Shares from BSE dated [●].

### **Prohibition by SEBI or other Governmental Authorities**

Our Company, Promoters, Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Red Herring Prospectus.

### **Directors associated with the Securities Market**

None of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Red Herring Prospectus.

Our Promoters or our Directors have not been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

### **Prohibition by RBI**

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

### **Compliance with Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable.

### **Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with the Regulation 6(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the Restated Financial Information, prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹ 300 lacs in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has an average operating profit of at least ₹ 1,500 lacs, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company has a net worth of at least ₹ 100 lacs in each of the three preceding full years (of 12 months each); and
- The name of our Company has not been changed within the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth derived from the Restated Financial Information included in this Draft Red Herring Prospectus as at and for the last three years ended March 31, 2020, 2019 and 2018 are set forth below:

*(₹ in Lacs, unless otherwise stated)*

| Particulars  | Fiscal 2020 | Fiscal 2019 | Fiscal 2018 |
|--|-------------|-------------|-------------|
| Net tangible assets <sup>1)</sup>                          | 6,422.01    | 4,447.36    | 2,634.13    |
| Monetary assets <sup>2)</sup>                              | 1,058.98    | 213.24      | 256.70      |
| Monetary assets, as restated as a % of net tangible assets | 16.49%      | 4.79%       | 9.75%       |
| Pre-tax Operating profit/ (loss) <sup>3)</sup>             | 2,593.15    | 2,693.36    | 1,164.34    |
| Net worth <sup>4)</sup>                                    | 6,458.52    | 4,488.27    | 2,634.13    |

- 1) Net Tangible Assets has been defined as the sum of all the net assets of the company, excluding intangible assets as defined in Ind AS 38, as applicable, issued by the institute of Chartered Accountants of India, in accordance with regulation 2(1)(gg) of SEBI ICDR Regulations.
- 2) Monetary Assets comprises the sum of current and non-current cash and bank balance.
- 3) Operating Profits has been calculated as profit before tax excluding non-operating other income, finance cost and exceptional items.; The average restated operating profit of the Company for the preceding three fiscals i.e. 2020,2019 and 2018 is ₹ 2,150.28 lacs
- 4) For the purposes of the above, "net worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Our Company has operating profits in each of Fiscal 2020, 2019 and 2018 in terms of our Restated Financial Statements.

Our Company confirms that it is in compliance with conditions specified in Regulation 7(1) of the SEBI ICDR Regulations to the extent applicable and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable. The fund requirements set out for the Objects of the Issue are proposed to be met entirely from the Net Proceeds.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted will be not less than 1,000 failing which, the entire application monies shall be refunded forthwith.

If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by the SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delay period.

Further, our Company confirms that it is not ineligible to make the Issue under Regulation 5 of the SEBI ICDR Regulations to the extent applicable. Our Company is in compliance with the conditions specified in Regulation 5 of the SEBI ICDR Regulations, as follows:

- a) Neither our Company, nor our Promoters, nor members of our Promoter Group, nor any of our Directors are debarred from accessing the capital markets by the SEBI.



- b) None of our Promoters nor our Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.
- c) Neither our Company nor the Promoters or any of our Directors is a Wilful Defaulter.
- d) None of our Promoters or Directors is a Fugitive Economic Offender.
- e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLM, SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (“SEBI ICDR REGULATIONS”). THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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 BRLM IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLM SAFFRON CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLM, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with by the respective parties at the time of filing of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 32 and 26 of the Companies Act, 2013.

#### **Disclaimer from our Company, our Directors and the BRLM**

Our Company, our Directors and the BRLM 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 our Company’s instance and anyone placing reliance on any other source of information, including our Company’s website [www.sigachi.com](http://www.sigachi.com) or the respective websites of our Promoter Group or an affiliate of our Company would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by our Company and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

None among our Company or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise and the blocking of application amount by RIB bank on receipt of instruction from the Sponsor Bank on account of any error, omission or non-compliance by various parties involved in, or any fault, malfunctioning or break-down in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLM and their associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoters, Promoter Group and their respective directors and officers, Subsidiary, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, our Promoters, Promoter Group and Subsidiary, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity.

#### **Disclaimer in respect of Jurisdiction**

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, VCFs, FVCIs, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), NBFCs or trusts under registered applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI and permitted non-residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) at Hyderabad, Telangana, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby 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 under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.**

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

Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or 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 U.S. Securities Act.

#### **Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the filing with the RoC.

#### **Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the filing with the RoC.

#### **Listing**

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Applications shall be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares of our Company. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within six (06) Working Days of the Bid/Issue Closing Date.

If our Company does not Allot Equity Shares pursuant to the Issue within six (06) Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay, without interest, all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

#### **Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act 2013, which is reproduced below:

*“Any person who –*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities, or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447.”*

The liability prescribed under Section 447 of the Companies Act 2013 includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Consents**

Consents in writing of: (a) our Directors, our Promoters, our Company Secretary and Compliance Officer, our Chief Financial Officer, legal advisor, lenders to our Company, Bankers to our Company and (b) the BRLM, the Syndicate Members, the Public Issue Bank(s), the Escrow Collection Bank(s), Refund Banker, Sponsor Bank and the Registrar to the Issue to act in their respective capacities, have been obtained/will be obtained prior to filing of the Red Herring Prospectus with the RoC as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for filing with RoC.

Our Company has received written consent dated September 21, 2020 from our Statutory Auditors, namely, M/s. T Adinarayana & Co., Chartered Accountants, who holds a valid peer review certificate for inclusion of their report, dated September 18, 2020 on the Restated Consolidated Financial Information in this Draft Red Herring Prospectus and to include their name as required under Section 26(5) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to the Statement of Tax Benefits dated September 15, 2020 in the form and context in which it appears in this Draft Red Herring Prospectus. Such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with SEBI.

### **Experts**

Our Company has received written consent dated September 21, 2020 from our Statutory Auditor, namely, M/s. T Adinarayana & Co., Chartered Accountants, who holds a valid peer review certificate, to include their name as required under Section 26(5) of the Companies Act 2013 in this Draft Red Herring Prospectus and as an ‘expert’ as defined under Section 2(38) of the Companies Act, 2013 in relation to its examination report, dated September 18, 2020 on the Restated Consolidated Financial Information and the Statement of Tax Benefits dated September 15, 2020 and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus.

Additionally, our Company has also received a letter dated September 05, 2020 from K. Anjaneyulu, Independent Chartered Engineer, to include his name in this Draft Red Herring Prospectus as an “expert” as defined under Section 2(38) read with Section 26(5) of the Companies Act 2013.

The term ‘expert’ and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

### **Particulars regards previous public or rights issues by our Company during the last five years**

Our Company has not made any rights issues or any public issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

Further, our Company has not made any public issues during the five years immediately preceding the date of this Draft Red Herring Prospectus.

### **Commission and Brokerage paid on previous issues of the Equity Shares**

Since this is an initial public offering of the Equity Shares of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

**Capital issue during the previous three years by listed group companies, subsidiaries and associates of our Company**

As on the date of this Draft Red Herring Prospectus, our Subsidiary has not listed its equity shares on any stock exchanges in India or overseas. Further, presently our Company does not have any group companies or associate companies.

**Performance vis-à-vis objects – Public/Rights Issue of our Company**

Our Company has not made any rights issue or public issue during the five years immediately preceding the date of this Draft Red Herring Prospectus.

**Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates or Promoters**

Our Subsidiary and our Corporate Promoter have not listed its equity shares on any stock exchange in India or abroad. Our Subsidiary and our Corporate Promoter have not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus. As on date of this Draft Red Herring Prospectus, our Company does not have any associate companies or group companies.

## Price information of past issues handled by Saffron Capital Advisors Private Limited

### a) Disclosure of Price Information of Past Issues Handled by Saffron Capital Advisors Private Limited

| Sr. No | Issue Name               | Issue Size (Cr) | Issue Price (₹) | 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.     | Cadsys (India) limited   | 14.70           | 70              | October 04, 2017   | 84                            | 40.53%<br>(12.52%)  | 45.59%<br>(47.96%)  | 9.52%<br>(2.99%)   |
| 2.     | Ahlada Engineers Limited | 51.075          | 150             | September 27, 2018 | 136                           | (12.57%)<br>(10.09%)  | (6.95%)<br>(3.06%)  | (67.69%)<br>(5.48%)  |

### b) Summary Statement of Disclosure:

| Financial year | Total no. of IPO | Total funds raised (₹ 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% |
| 2018 - 19      | 1                | 51.07                     | -  | -              | 1             | -   | -              | -             | 1   | -              | -             | -  | -              | -             |
| 2019 - 20      | -                | -                         | -  | -              | -             | -   | -              | -             | -   | -              | -             | -  | -              | -             |
| 2020 - 21      | -                | -                         | -  | -              | -             | -   | -              | -             | -   | -              | -             | -  | -              | -             |

### Track record of past issues handled by the Book Running Lead Manager

For details regarding the track record of the Lead Manager, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the website of the Lead Manager, i.e., [www.saffronadvisor.com](http://www.saffronadvisor.com).

### **Stock Market Data of the Equity Shares**

This being an initial public offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange. Thus, there is no stock market data available for the Equity Shares of our Company.

### **New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debentures, warrants, securities premium notes, etc. issued by our Company.

### **Mechanism for Redressal of Investor Grievances**

The agreement amongst the Registrar to the Issue and our Company provides for the retention of records with Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach Registrar to the Issue for redressal of their grievances.

All grievances other than of Anchor Investors 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, UPI ID (as applicable) Bidder DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the Bidder.

All grievances in relation to the Bidding process may be addressed to the Registrar to this Issue with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the Sole or First Bidder, Bid cum Application Form number, UPI ID (if applicable), Bidder DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs bidding through the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of RIBs applying through the UPI Mechanism.

The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission or any acts of SCSBs, Syndicate Members, RTA, CDPs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as name of the sole or first Bidder, Anchor Investor Application Form number, Bidders DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Anchor Investor, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Manager where the Anchor Investor Application Form was submitted by the Anchor Investor.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Our Company, the BRLM and the Registrar to the Issue accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or Registrar to the Issue or SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be ten (10) 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.

The Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders' Relationship Committee comprising, of three (03) Directors viz. Swami Das Nigam, Sarveswara Reddy Sanivarapu and Amit Raj Sinha. For details of the Stakeholders' Relationship Committee, see the section titled "*Our Management*" on page 202 of this Draft Red Herring Prospectus.

Our Company has also appointed Shreya Mitra, Company Secretary of our Company, as the Compliance Officer for the Issue and he may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

**Shreya Mitra**  
**Company Secretary and Compliance Officer**  
**Sigachi Industries Limited**  
229/1 & 90, 4<sup>th</sup> floor,  
Kalyan's Tulsiram Chambers  
Madinaguda, Hyderabad- 500 049,  
Telangana, India  
**Telephone:** +91 040 4011 4874/75/76  
**E-mail:** [cs@sigachi.com](mailto:cs@sigachi.com)  
**Investor grievance id:** [investors@sigachi.com](mailto:investors@sigachi.com)  
**Website:** [www.sigachi.com](http://www.sigachi.com)

Our Company has not received investor complaints during the period of three years preceding the date of the Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. Our Company does not have any Group Companies, as on date of this Draft Red Herring Prospectus and our Subsidiary is not listed on any stock exchange in India or abroad.



## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, SCRA, SCRR, the Memorandum of Association and Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the abridged prospectus, Bid cum Application Form, the Revision Form, the CAN/ 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 the SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.

#### The Issue

The Issue is a fresh issue of Equity Shares by our Company. The entire Issue-related expenses shall be borne by our Company only. For further information on the Issue-related expenses, see “*Objects of the Issue*” on page 97 of the Draft Red Herring Prospectus.

#### Ranking of the Equity Shares

The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association, the SEBI Listing Regulations and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the rights to receive dividend. The Allottees upon Allotment of Equity Shares under the Issue will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section titled “*Description of Equity Shares and Terms of Articles of Association*” on page 357 of this Draft Red Herring Prospectus.

#### Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association and provisions of the SEBI Listing Regulations and any other guidelines issued by the Government in this regard. Dividends, if any declared by our Company after the date of Allotment, will be payable to the Bidders who have been allotted Equity Shares in this Issue, for the entire year, in accordance with the applicable laws. For further details in relation to dividends, see the sections titled “*Dividend Policy*” and “*Description of Equity Shares and Terms of Articles of Association*” on pages 231 and 357, respectively of this Draft Red Herring Prospectus.

#### Face Value and Issue Price

The face value of each Equity Share is ₹ 10. . At any given point of time there will be only one denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●].

The Price Band and the minimum Bid Lot will be decided by our Company in consultation with the BRLM and will be advertised in all editions of English national newspaper [●], all editions of Hindi national newspaper [●], and all editions of Telugu newspaper [●] (Telugu being the regional language of Hyderabad where our Registered Office is located), each with wide circulation, at least two (2) Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges. The Issue Price shall be determined by our Company in consultation with the BRLM, after the Bid/Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

#### Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for purchasing 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 laws including any rules and regulations issued by RBI and/or SEBI; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the SEBI Listing Regulations and the Memorandum of Association and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see the section titled “*Description of Equity Shares and Terms of Articles of Association*” on page 357 of this Draft Red Herring Prospectus.

### **Allotment only in Dematerialised Form**

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 tripartite agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Tripartite Agreement dated March 11, 2020 between NSDL, our Company and the Registrar to the Issue; and
- Tripartite Agreement dated [●] between CDSL, our Company and the Registrar to the Issue.\*

\*As of date of this Draft Red Herring Prospectus, we have not received a copy of the tripartite agreement executed with CDSL, due to the ongoing pandemic and the lockdown imposed by several State Governments, however we undertake to provide the details of the said agreement in the Red Herring Prospectus.

Our Company’s shares bear ISIN no. INE0D0K01014.

### **Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is 01 (one) Equity Share. Allotment in the Issue will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

### **Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

### **Nomination facility to Bidders**

In accordance with Section 72 of the Companies Act, 2013 read with Companies (Share Capital and Debentures) Rules, 2014, 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 of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. 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 90 days, the Board may thereafter withhold payment of all dividends, interests, 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.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Hyderabad, Telangana.

**The Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

### **Withdrawal of the Issue**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment. In such an event, our Company shall 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 BRLM, 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 forthwith inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. If our Company withdraws the Issue after the Bid/Issue Closing Date, we shall be required to file a fresh draft offer document with the Board, in the event our Company subsequently decides to proceed with the Issue.

Notwithstanding the foregoing, the 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.

In the event of failure to make an application for listing by the Company within such period as may be specified by the SEBI from time to time, or non-receipt of the listing permission by the issuer from the stock exchange(s) or withdrawal of the Observation Letter issued by the SEBI, wherever applicable, the securities shall not be eligible for listing and the Company shall be liable to refund the subscription monies, if any, to the respective allottees

immediately, along with penal interest for each day of delay at the rate of fifteen per cent per annum from the date of allotment.

### **Bid/Issue Programme**

|                     |       |
|---------------------|-------|
| BID/ISSUE OPENS ON  | [●]*  |
| BID/ISSUE CLOSES ON | [●]** |

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

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

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

| <b>Event</b>   | <b>Indicative Date</b> |
|--|------------------------|
| Bid/Issue Closing Date   | [●]                    |
| Finalisation of Basis of Allotment with the Designated Stock Exchange  | On or about [●]        |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account or UPI ID linked bank account | On or about [●]        |
| Credit of Equity Shares to demat accounts of Allottees   | On or about [●]        |
| Commencement of trading of the Equity Shares on the Stock Exchanges  | On or about [●]        |

The above timetable, other than the Bid/Issue Closing Date, is indicative and does not constitute any obligation on our Company or 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 Exchanges are taken within six (6) Working Days of the Bid/Issue Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

### **Submission of Bids (other than Bids from Anchor Investors):**

| <b>Bid / Issue Period (except the Bid / Issue Closing Date)</b> |  |
|---|--|
| Submission and Revision in Bids                                 | Only between 10.00 a.m. and 5.00 p.m. Indian Standard Time ("IST") |
| <b>Bid / Issue Closing Date</b>                                 |  |
| Submission and Revision in Bids                                 | Only between 10.00 a.m. and 3.00 p.m. IST                          |

### **On the Bid/Issue Closing Date, the Bids shall be uploaded until:**

- 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On the Bid/Issue Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLM to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

**In case of any discrepancy in the data entered in the electronic book vis-a-vis data contained in physical Bid cum Application Form, for a particular Bidder the details of the Bid file received from Stock Exchanges may be taken as final data for purposes of Allotment.**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Issue Closing Date, 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 this Issue. Bidders may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public holidays as declared by the Stock Exchanges. Bids will be accepted only during Monday to Friday (excluding any public holiday). Bids by the Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. None of our Company or any member of the Syndicate shall be liable for any failure in (i) uploading or downloading the Bids due to faults in any software/hardware system or otherwise; and (ii) the blocking of application amount by RIBs bank on receipt of instruction from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. 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 Issue Period, provided that, the Cap Price shall not be more than 120% of the Floor Price, and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and Cap Price will be revised accordingly.

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 details as per the Bid file received from Stock Exchanges shall be taken as the final data for the purpose of Allotment.

**In case of revision in the Price Band, or in case of force majeure, banking strike or similar circumstances, which are to be recorded in writing, the Bid/Issue Period shall be extended by at least three (3) additional Working Days after such an event, subject to the Bid/Issue Period not exceeding ten (10) Working Days. Any revision in Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.**

#### **Period of operation of subscription list**

See the sub-section titled “*Terms of the Issue – Bid/ Issue Programme*” on page 331 of this Draft Red Herring Prospectus.

#### **Minimum Subscription**

As prescribed, the minimum subscription in the Issue shall be 90% of the Issue. If our Company does not receive (i) the minimum subscription of 90% of the Issue on the Bid/Issue Closing Date; and (ii) minimum subscription in the Issue equivalent to the minimum number of securities as specified under Rule 19(2)(b) of the SCRR, or if the subscription level falls below 90% after the closure of the Issue on account of withdrawal of applications, or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares to be listed on such Stock Exchanges, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after the issuer becomes liable to pay the amount, our Company and every Director of our Company who are officers in default, shall pay interest at the rate of 15% per annum.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations.

#### **Arrangement for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot of our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

#### **Restrictions on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre – Issue Equity Share capital of our Company, Promoters’ minimum contribution and the Anchor Investor lock-in Equity Shares as detailed in “*Capital Structure*” beginning on page 81 of this Draft Red Herring Prospectus and except as provided in the Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on transmission of Equity Shares and on their consolidation/splitting, except as provided in the Articles of Association. For details, see “*Description of Equity Shares and Terms of Articles of Association*” beginning on page 357 of this Draft Red Herring Prospectus.

## ISSUE STRUCTURE

Initial public offering of up to 28,41,500 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lacs. The Issue will constitute 27.00% of the post-Issue paid-up Equity Share capital of our Company.

The face value of equity shares is ₹ 10 each.

The Issue is being made through the Book Building Process.

| Particulars  | QIBs <sup>(1)</sup>   | Non-Institutional Bidders  | Retail Individual Bidders   |
|--|---|--|---|
| Number of Equity Shares available for Allotment / allocation <sup>*(2)</sup> | Not more than [●] Equity Shares   | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders  |
| Percentage of Issue size available for Allotment/ allocation                 | Not more than [●]% of the Issue size.<br><br>However, up to [●]% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available for allocation to other QIBs.   | Not less than [●]% of the Issue size or Issue less allocation to QIB Bidders and Retail Individual Bidders                     | Not less than [●]% of the Issue size or Issue less allocation to QIB Bidders and Non-Institutional Bidders  |
| Basis of Allotment/ allocation if respective category is oversubscribed*     | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and<br><br>(b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.<br><br>Up to [●] Equity Shares may be allocated on a discretionary basis to the Anchor Investors | Proportionate  | The allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details, see “ <i>Issue Procedure</i> ” on page 337 of this Draft Red Herring Prospectus. |
| Mode of Bidding  | Through ASBA process only (except Anchor Investors)   |  |   |
| Minimum Bid  | Such number of Equity Shares in multiples of [●] Equity Shares that the Bid Amount exceeds ₹ 200,000.   | Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares, thereafter.          | [●] Equity Shares and in multiples of [●] Equity Shares, thereafter.  |
| Maximum Bid  | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue, subject to applicable limits.   | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Issue, subject                    | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹   |

| Particulars                  | QIBs <sup>(1)</sup>   | Non-Institutional Bidders<br>to applicable limits  | Retail Individual Bidders<br>200,000.                                      |
|------------------------------|---|--|--|
| Bid Lot                      | [●] Equity Shares and in multiples of [●] Equity Shares, thereafter.  |  |  |
| Allotment Lot                | A minimum [●] Equity Shares and in multiples of one Equity Share, thereafter.   |  |  |
| Mode of Allotment            | Compulsorily in dematerialized form   |  |  |
| Trading Lot                  | One Equity Share  |  |  |
| Who can apply <sup>(4)</sup> | Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 2,500 lacs, pension fund with minimum corpus of ₹ 2,500 lacs, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and systemically important non-banking financial companies (as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations). | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts, Category III foreign portfolio investors | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) |
| Terms of Payment             | Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA (excluding for Anchor Investors) Form at the time of submission of the ASBA Form and in case of UPI as an alternate mechanism, Bid amount shall be blocked at the time of confirmation of mandate collection request by applicant.<br><br>In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids. <sup>(3)</sup>  |  |  |

\* Assuming full subscription in the Issue.

(1) Our Company may, in consultation with the BRLM allocate up to [●]% of the QIB Category 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 price at which allocation is being made to other Anchor Investors. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing [●]% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●]% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs.

(2) Subject to valid Bids being received at or above the Issue Price. This Issue is being made in accordance with Rule 19(2)(b) of the SCRR. The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than [●]% of the Issue shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing [●]% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [●]% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than [●]% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than [●]% of the Issue shall be available for allocation to Retail



*Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price.*

*(3) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form. Provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. For details of terms of payment applicable to Anchor Investors, see “Issue Procedure” on page 337 of this Draft Red Herring Prospectus.*

*(4) 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.*

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the 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, on a proportionate basis. 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. For further details, see “*Terms of the Issue*” on page 328 of this Draft Red Herring Prospectus.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

## 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 and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016 and the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018 notified by SEBI (the “General Information Document”) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the amendments to the SEBI ICDR Regulations and provisions of the Companies Act to the extent applicable to a public issue and any other enactments and regulations. The General Information Document shall also be made 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.*

*All Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018 as amended and modified by SEBI Circulars (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 and (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note (“CAN”) and Allotment in the Issue; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.*

*Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in 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.*

### **Book Building Procedure**

The Issue is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than [●]% of the Issue shall be Allotted to QIBs on a proportionate basis, provided that our Company in consultation with the BRLM may allocate up to [●]% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one -third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the remaining Equity Shares shall be added back to the QIB Portion (other than Anchor Investor Portion). [●]% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than [●]% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than [●]% of the Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

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

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, UPI ID (for RIBs using the UPI Mechanism) and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity shares rematerialised subsequent to allotment of Equity shares in the IPO.**

### **Phased Implementation of Unified Payments Interface**

SEBI through its circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018 as amended from time to time, including pursuant to circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019 ("**UPI Circular**") has proposed to introduce an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism with the ASBA for applications by Retail Individual Investors through intermediaries from January 1, 2019. The UPI Mechanism for Retail Individual Investors applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days ("**UPI Phase I**"), until June 30, 2019. Subsequently, for applications by Retail Individual Investors through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism with existing timeline of T+6 days is applicable for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"), with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Further, as per the SEBI circular (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, the UPI Phase II had been extended until March 31, 2020. However, due to the outbreak of COVID-19 pandemic, UPI Phase II has been further extended by SEBI until further notice, by its circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020. Thereafter, the final reduced timeline of T+3 days may be made effective using the UPI Mechanism for applications by Retail Individual Investors ("**UPI Phase III**"), as may be prescribed by SEBI. Accordingly, the Issue will be made under UPI Phase II, unless UPI Phase III becomes effective and applicable on or prior to the Bid / Issue Opening Date.

If the Issue is made under UPI Phase III, the same will be advertised in all editions of the English national daily newspaper, [●], all editions of the Hindi national daily newspaper, [●] and all editions of the Telugu daily newspaper, [●] (Telugu being the regional language of Hyderabad, where our Registered Office is located) on or prior to the Bid / Issue Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites.

Further, our Company and the members of the Syndicate do not accept any responsibility for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in the Issue.

Retail Individual Bidders making application using UPI shall use or only his / her own bank account linked UPI ID to make an application in the Issue. The SCSBs upon receipt of the Bid cum Application Form will upload the Bid details along with the UPI ID in the bidding platform of the Stock Exchanges. Applications made by the Retail Individual Bidders using third party bank account or using UPI IDs linked to the bank accounts of any third parties are liable for rejection. Sponsor Bank shall provide the investors UPI linked bank account details to RTA for purpose of reconciliation. Post uploading the Bid details in the bidding platform, the Stock Exchanges will validate the PAN and demat account details of Retail Individual Bidders with the Depositories.

### **Bid cum Application Form**

Copies of the ASBA Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of NSE ([www.nseindia.com](http://www.nseindia.com)) and BSE ([www.bseindia.com](http://www.bseindia.com)) at least one (01) day prior to the Bid/Issue Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Issue only through the ASBA process including through UPI mode (as applicable), to participate in the Issue. ASBA Bidders must provide bank account details/UPI ID linked with bank account and authorisation by ASBA Bank holder to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected. Applications made using third party bank accounts or using UPI ID linked with third party bank account are liable to be rejected.

Further, ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable, at the time of submitting the Bid. Retail Individual Investors Bidding using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLM.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category   | Colour of Bid cum Application Form* |
|--|-------------------------------------|
| Resident Indians including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis^   | White                               |
| Non-Residents including FPIs or FVCIs (including their sub-accounts), Eligible NRIs applying on a repatriation basis, registered multilateral and bilateral development financial institutions applying on a repatriation basis^ | Blue                                |
| Anchor Investors**   | White                               |

\*Excluding electronic Bid cum Application Forms

\*\*Anchor Investors Application forms will be made available only at the Office of the BRLM

^ Electronic Bid cum Application Forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)).

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms from RIIs bidding using the UPI mechanism) to the respective SCSB, where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA Form and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Applications through UPI can be made only through the SCSBs / mobile applications (apps) whose name appears on the SEBI website – [www.sebi.gov.in](http://www.sebi.gov.in) at the following path:

*Home » Intermediaries/Market Infrastructure Institutions » Recognised Intermediaries » Self Certified Syndicate Banks eligible as Issuer Banks for UPI*

A list of SCSBs and mobile application, which, as on date of this Draft Red Herring Prospectus are live for applying in public issues using UPI mechanism is available on the SEBI website. The RIIs shall submit applications only through the UPI mechanism, which would be the only permissible mode. Therefore the process of an investor submitting bid cum-application form with any intermediary along with bank account details, and movement of such application forms from intermediaries to SCSBs for blocking of funds, has been discontinued by SEBI vide its circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019.

An investor shall ensure that when applying in this Issue using the UPI mechanism, the name of his Bank should appear in the list of SCSBs which is displayed on the SEBI website indicating the names of those banks which are

live on UPI. Further, he shall also ensure that the name of the app and the UPI handle being used for making the application is also appearing in the aforesaid list.

Investors whose bank is not live on UPI, may use the other alternate channels available to them viz. submission of application form with SCSB or using the facility of linked online trading, demat and bank account.

An application made using incorrect UPI handle or using a bank account of an SCSBs or bank which is not mentioned in the aforesaid list is liable to be rejected. After the implementation of UPI phase III, the RIBs will not have the option of submitting bid-cum application form with any of the intermediaries for blocking of funds and making bids.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.**

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

#### **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 and as disclosed in the Red Herring Prospectus.
- 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 next Working 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.

#### **Participation of Promoters and members of the Promoter Group of our Company, the BRLM and the Syndicate Members**

The BRLM and the Syndicate Members shall not be allowed to purchase Equity Shares in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members may Bid for 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. All categories of investors, including associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLM or any persons related to the BRLM (other than Mutual Funds sponsored by entities related to the BRLM), our Promoters and members of our Promoter Group cannot apply in this Issue.

#### **Who can Bid?**

In addition to the category of Bidders, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- Scientific research organisations authorised in India to invest in the Equity Shares; and

- Any other persons eligible to Bid in the Issue under the laws, rules, regulations, guidelines and policies applicable to them.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) to block their Non-Resident External (“**NRE**”) accounts, or Foreign Currency Non-Resident (“**FCNR**”) Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB or confirm or accept the UPI Mandate Request (in case of Retail Individual Investors Bidding through the UPI Mechanism) 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).

Participation of Eligible NRI(s) in the Issue shall be subjected to the FEMA Rules.

### **Bids by HUFs**

Hindu Undivided Families or HUFs, shall apply in the individual name of the Karta. The Bidder/Applicant should specify in the Bid cum Application form, that the Bid being made in the name of the HUF, as follows: “Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta”. Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals.

### **Bids by FPIs**

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% of our post Issue Equity Share capital. Further, in terms of FEMA, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. In case the total holding of an FPI increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of each

series of debentures or preference shares or share warrants issued by an Indian company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and the investee company and the investor complying with the applicable reporting requirements. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing aggregate investment limits for an FPI in our Company is 24% of the total paid-up equity share capital of our Company.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

- (a) such offshore derivative instruments are issued only by persons registered as category I FPIs;
- (b) such offshore derivative instruments are issued only to persons eligible for registration as category I FPIs;
- (c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
- (d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)) and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Further, Bids received from FPIs bearing the same PAN shall be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019 (such structure "MIM Structure") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize the MIM Structure and indicate the names of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.

Participation of FPIs in the Issue shall be subject to the FEMA Rules.

#### **Bids by SEBI registered Venture Capital Funds, Alternate Investment Funds and Foreign Venture Capital Investors**

The SEBI FVCI Regulations, as amended and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF or FVCI. 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 one-third ( $\frac{1}{3}^{\text{rd}}$ ) 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. Our Company and BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**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 bank charges and commission.**

#### **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.

#### **Bids by banking companies**

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 in consultation with the BRLM reserves the right to reject any Bid without assigning any reason thereof.

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 bank's 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) (ii) the additional acquisition is through restructuring of debt/corporate debt restructuring/strategic debt restructuring, or to protect the bank's 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 the RBI.

A banking company would require a prior approval of the RBI to make:

- (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and
- (ii) (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

#### **Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the SEBI circulars (No. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013) dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the



purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI 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.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

- (a) equity shares of a company: the lower of 10% of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company operates: not more than 15% of the 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 by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the BRLM reserves the right to reject any Bid, without assigning any reason thereof.

### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 25,000 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 25,000 lacs, 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 reason thereof.

Our Company in consultation with the BRLM in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

### **Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by Systemically Important Non-Banking Financial Companies registered with RBI, a certified copy of (i) the certificate of registration issued by the RBI, (ii) a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s) and (iii) such other approval as may be

required by the Systemically Important Non-Banking Financial Companies, 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. Systemically important non-banking financial companies participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

### **Bids by Anchor Investors**

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in the Issue for upto [●]% of the QIB Portion in accordance with the SEBI ICDR Regulations. Only QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI ICDR 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 Net QIB Portion. In accordance with the SEBI ICDR Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

- i. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLM.
- ii. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 1000 lacs. A Bid cannot be submitted for over [●]% 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 ₹ 1,000 lacs.
- iii. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
- iv. Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.
- v. Our Company in consultation with the BRLM may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:
  - a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 1,000 lacs;
  - b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 1,000 lacs but up to ₹25,000 lacs , subject to a minimum Allotment of ₹ 500 lacs per Anchor Investor; and
  - c) in case of allocation above ₹25,000 lacs under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 25,000 lacs, and an additional 10 Anchor Investors for every additional ₹25,000 lacs, subject to minimum allotment of ₹ 500 lacs per Anchor Investor.
- vi. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. 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 the BRLM before the Bid/ Issue Opening Date, through intimation to the Stock Exchange.
- vii. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

- viii. 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 on the Anchor Investor Pay-in Date specified in the CAN. 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.
- ix. Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
- x. The BRLM or any associates of the BRLM (other than mutual funds sponsored by entities which are associate of the BRLM or insurance companies promoted by entities which are associate of the BRLM or Alternate Investment Funds (AIFs) sponsored by the entities which are associate of the BRLM or FPIs other than Category III sponsored by the entities which are associate of the BRLM), our Promoters, Promoter Group or any person related to them will not participate in the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has any of the following rights shall be deemed to be a person related to the promoters or promoter group of the issuer: (i) rights under a shareholders' agreement or voting agreement entered into with promoters or promoter group of the issuer; or (ii) veto rights; or (iii) right to appoint any nominee director on the board of the issuer. 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.
- xi. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
- xii. Anchor Investors are not permitted to Bid in the Issue through the ASBA process.
- xiii. For more information, see the General Information Document.

**The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus. The investment limits for Systemically Important Non-Banking Financial Companies shall be as prescribed by RBI from time to time.**

**In accordance with RBI regulations, OCBs cannot participate in the Issue.**

#### **Pre- Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) all editions of English national newspaper [●]; (ii) all editions of Hindi national newspaper [●]; and (iii) all editions of Telugu newspaper [●], each with wide circulation.

In the pre-Issue advertisement, we shall state the Bid/Issue Opening Date and the Bid/Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

#### **Allotment Advertisement**

Our Company, the BRLM and the Registrar shall publish an allotment advertisement before commencement of trading, disclosing the date of commencement of trading in all editions of English national daily newspaper, [●], all editions of Hindi national daily newspaper, [●] and all editions of the Telugu daily newspaper [●] (Telugu being the regional language of Telangana, where our Registered Office is located).

## **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the determination of the Issue Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

## **General Instructions**

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/ Issue Period and withdraw their Bid(s) until Bid/ Issue Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

### ***Do's:***

1. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;
2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws, rules, regulations, guidelines and approvals;
3. Ensure that you have Bid within the Price Band;
4. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
5. 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 issued will be in the dematerialised form only;
6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the concerned Bidding Centre within the prescribed time;
7. Ensure that parity is maintained across various channels through which applications have been submitted, by using your own bank account or the bank account linked with UPI ID to make applications in this Issue, since applications made using third party bank account or using third party linked bank account are liable for rejection;
8. RIBs Bidding using the UPI mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form;
9. RIBs Bidding shall ensure that the bank, with which such RIB has a bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by the NPCI;
10. An investor shall ensure that when applying in IPO using UPI, the names of his/her Bank, the app and the UPI handle being used for making the application appear in the list of SCSBs displayed on the SEBI website which are live on UPI.
11. Ensure that you request for and receive a stamped Acknowledgement Slip of the ASBA Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the ASBA Form;
12. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;
13. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgment Slip;

14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the 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 Income Tax 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 wherein PAN is not mentioned will be rejected;
15. Ensure that the Demographic Details are updated, true and correct in all respects;
16. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
17. Ensure that the name(s) given in the ASBA 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 ASBA 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. Ensure that the signature of the First Bidder is included in the ASBA Forms (for all Bidders other than RIBs Bidding using the UPI mechanism);
18. Ensure that you tick the correct investor category and the investor status, as applicable, in the ASBA Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;
19. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust, etc., all relevant documents are submitted;
20. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
21. Ensure that the DP ID, the Client ID and the PAN in the ASBA Form entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;
22. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the ASBA Form and the Red Herring Prospectus;
23. Ensure that while Bidding through a Designated Intermediary that the Bid cum Application Form is submitted to a Designated Intermediary (other than for Anchor Investors and RIBs Bidding through the UPI mechanism) in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in>);
24. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
25. Ensure that you have mentioned the details of your own bank account for blocking of fund or your own bank account linked UPI ID to make application in the Public Issue;
26. Ensure that you have correctly signed the authorization/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB or the Sponsor Bank via the electronic Mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form;

27. For RIBs bidding using the UPI mechanism, ensure that you approve the request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment, in a timely manner;
28. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI mandate request and then proceed to authorise the UPI request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI mandate request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;
29. RIBs bidding using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form; and
30. RIBs bidding using the UPI mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid or revise Bid Amount to a price less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another ASBA Form after you have submitted a Bid to the Designated Intermediary;
4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock invest;
5. Do not send ASBA Forms by post. Instead submit the same to a Designated Intermediary;
6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not submit more than one (1) Bid cum Application Form for each UPI ID in case of RIB bidding through the Designated Intermediary using the UPI Mechanism;
9. Do not submit the Bid using incorrect UPI handle or using a bank account of an SCSBs or bank which is not mentioned in the list of banks, apps and UPI handle which are live displayed on the SEBI website.
10. Do not Bid for a Bid Amount exceeding ₹ 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 this Issue size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or maximum amount permissible under the applicable laws or under the terms of the RHP/ Prospectus;
12. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
13. Do not make applications using third party bank accounts or using UPI ID linked with third party bank account;
14. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs bidding through the Designated Intermediaries using the UPI mechanism;

15. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidder using the UPI mechanism;
16. Do not submit the General Index Registration (“GIR”) number instead of the PAN;
17. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;
18. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to this Issue;
19. Do not submit incorrect UPI ID details, if you are a RIB bidding through UPI Mechanism;
20. Do not submit Bids on plain paper or on incomplete or illegible ASBA Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
21. 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;
22. Do not submit the Bid cum Application Form with third party bank accounts or using UPI ID linked with third party bank account;
23. Do not deliver Bid cum Application Forms after the time prescribed in the Red Herring Prospectus and the Bid cum Application Forms;
24. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account; and
25. 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);
26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidders; and
27. Do not submit Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit the Bid cum Application Forms.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the BRLM and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations or as may be prescribed by SEBI from time to time.

#### **Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Issue through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be

rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the Red Herring Prospectus or the Prospectus.

### **Allotment Procedure and Basis of Allotment**

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. No Retail Individual Bidder will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder 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.

### **Allotment to RIBs**

Bids received from the RIBs 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 RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Portion at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**").

The Allotment to the RIBs will then be made in the following manner:

1. In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs 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 RIBs 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).
2. In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### **Allotment to NIBs**

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs 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 NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

### **Allotment to QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2018, the Red Herring Prospectus or the 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:



1. In the first instance allocation to Mutual Funds for up to 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 up to 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;
2. 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 up to 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.

**Allotment to Anchor Investor (if applicable)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of our Company in consultation with the Book Running Lead Manager, subject to compliance with the following requirements:
  - i. not more than [●]% of the QIB Portion will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 1,000 lacs;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 1,000 lacs and up to ₹25,000 lacs subject to minimum Allotment of ₹ 500 lacs per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation more than ₹25,000 lacs, and an additional 10 Anchor Investors for every additional ₹25,000 lacs or part thereof, subject to minimum Allotment of ₹ 500 lacs per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹ 1,000 lacs in the Issue.
- (c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company in consultation with the Book Running Lead Manager, 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 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.

**Basis of allotment for QIBs (other than Anchor Investors), NIBs and Reserved Category in case of over-subscribed issue**

In the event of the Issue being over-subscribed, our Company, in consultation with the BRLM may finalise the Basis of Allotment with the approval of the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid Lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

#### **Designated Date and Allotment of Equity Shares**

- (a) Designated Date: On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the 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 applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) Issuance of Allotment Advice: Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of Equity Shares to the successful Bidders'/Applicants' Depository Account will be completed within six (6) Working Days of the Bid/Issue Closing Date.

Our Company shall ensure that “at par” facility is provided for encashment of refund orders for applications other than Application Supported by Blocked Amount process.

### **Payment into Escrow Account for Anchor Investors**

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: “Escrow Account-Sigachi Industries Limited IPO-Anchor Investor-R”
- (b) In case of Non-Resident Anchor Investors: “Escrow Account-Sigachi Industries Limited IPO-Anchor Investor-NR”

Anchor Investors 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 of Bid amounts from Anchor Investors.

### **Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among the Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated March 11, 2020 amongst NSDL, the Company and Registrar to the Issue.
- Agreement dated [●] amongst CDSL, the Company and Registrar to the Issue.\*

\*As of date of this Draft Red Herring Prospectus, we have not received a copy of the tripartite agreement executed with CDSL, due to the ongoing pandemic and the lockdown imposed by several State Governments, however we undertake to provide the details of the said agreement in the Red Herring Prospectus.

**The above information is given for the benefit of the Bidders/applicants. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders/applicants are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

### **Undertakings by our Company**

Our Company undertakes the following:

1. adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Forms from Anchor Investors;
2. the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
3. all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six (6) Working Days of the Bid/Issue Closing Date or such other period as may be prescribed by SEBI;
4. if 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 ICDR Regulations and applicable law for the delayed period;

5. the funds required for making refunds/unblocking to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
6. where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
7. Promoters' contribution, if any, shall be brought in advance before the Bid/Issue Opening Date.
8. the Allotment advice / refund confirmation to Eligible NRIs shall be dispatched within specified time, subject to availability of postal services in India;
9. That, except for the Pre-IPO Placement (if any) no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.;
10. if our Company does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given by our Company as a public notice 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;
11. if our Company, withdraws the issue at any stage including after closure of bidding, our Company shall be required to file a fresh draft offer document with the Board, in the event our Company subsequently decide to proceed with the Issue; and
12. our Company shall not have recourse to the Net Proceeds until the final approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

### **Filing**

A copy of this DRHP has been filed with the Securities Exchange Board of India, Southern Regional Office situated at Overseas Towers, 7<sup>th</sup> Floor, 756 – L, Anna Salai, Chennai – 600 002, Tamil Nadu, India and simultaneously through the SEBI Intermediary Portal at <https://siportal.sebi.gov.in>, in accordance with SEBI circular dated January 19, 2018 bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011. This DRHP will also be filed with BSE and NSE, where the specified securities are proposed to be listed. A copy of the Red Herring Prospectus, along with the material contracts and documents and a copy of the Prospectus required to be filed with the RoC under Section 32 and Section 26 of the Companies Act, 2013, respectively would be delivered for filing with the RoC at its office situated at: 2<sup>nd</sup> floor, Corporate Bhawan, GSI Post, Tattianaram Nagole, Bandlaguda Hyderabad - 500 068, Telangana, India.

### **Utilisation of Issue Proceeds**

Our Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017 has notified the specific ministries handling relevant sectors

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DIPP issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DIPP issues an updated circular. The DIPP issued the Standard Operating Procedure (“**SOP**”) for Processing FDI Proposals on June 29, 2017, provides a list of the competent authorities for granting approval for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the “**Competent Authority**”) for the grant of post-facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the competent authority, DIPP shall identify the Competent Authority. Further as per the Press Note No. 3 of 2020 dated April 17, 2020 issued by the DIPP, has amended the FDI Policy to include restrictions on entities belonging to a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, where they can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

As per current foreign investment policies, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and FEMA and transfer does not attract provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with guidelines prescribed by SEBI / RBI. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB and accordingly, the process for FDI and its approval from the Government of India will now be handled by the relevant ministries or departments, in consultation with the DIPP.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

**The Equity Shares have not been and will not be registered under the Securities Act, or the securities laws of any state of the United States and may not be offered or sold within the United States, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them.**

## SECTION VIII - DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

| Article No.    | Articles  | Particulars  |
|----------------|---|--|
| 1.             | <b>Table Applicable.</b>  | <b>F</b> No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.   |
| <b>CAPITAL</b> |   |  |
| 3.             | <b>Authorized Capital.</b>  | The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.  |
| 4.             | <b>Increase of capital by the Company how carried into effect</b>   | The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act. |
| 5.             | <b>New Capital same as existing capital</b>                         | Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.   |
| 6.             | <b>Non-Voting Shares</b>  | The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.  |
| 7.             | <b>Redeemable Preference Shares</b>                                 | Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.   |
| 8.             | <b>Voting rights of preference shares</b>                           | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.  |
| 9.             | <b>Provisions to apply on issue of Redeemable Preference Shares</b> | On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:<br>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;  |

| Article No. | Articles  | Particulars  |
|-------------|---|--|
|             |   | <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p> |
| 10.         | <b>Reduction of capital</b>                         | <p>The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any security premium account</p> <p>In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.</p>  |
| 11.         | <b>Debentures</b>                                   | <p>Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.</p>   |
| 12.         | <b>Issue of Sweat Equity Shares</b>                 | <p>The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.</p>  |
| 13.         | <b>ESOP</b>   | <p>The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.</p>   |
| 14.         | <b>Buy Back of shares</b>                           | <p>Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.</p>  |
| 15.         | <b>Consolidation, Sub-Division And Cancellation</b> | <p>Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section</p>   |

| Article No.                         | Articles   | Particulars   |
|-------------------------------------|--|---|
|                                     |  | 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.   |
| 16.                                 | <b>Issue of Depository Receipts</b>  | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.  |
| 17.                                 | <b>Issue of Securities</b>   | Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.  |
| <b>MODIFICATION OF CLASS RIGHTS</b> |  |   |
| 18.                                 | <b>Modification of rights</b>  | (a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.<br>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation. |
|                                     | <b>New Issue of Shares not to affect rights attached to existing shares of that class.</b> | (b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.   |
| 19.                                 | <b>Shares at the disposal of the Directors.</b>  | Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.   |
| 20.                                 | <b>Power to issue shares on preferential basis.</b>  | The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.   |
| 21.                                 | <b>Shares should be Numbered</b>   | The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share  |



| Article No.   | Articles  | Particulars   |
|---|---|---|
|   | <b>progressively and no share to be subdivided.</b>           | shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.  |
| 22.   | <b>Acceptance of Shares.</b>                                  | An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.  |
| 23.   | <b>Directors may allot shares as full paid-up</b>             | Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.   |
| 24.   | <b>Deposit and call etc.to be a debt payable immediately.</b> | The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.  |
| 25.   | <b>Liability of Members.</b>                                  | Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.  |
| 26.   | <b>Registration of Shares.</b>                                | Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.   |
| <b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b> |   |   |
| 27.   |   | The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act  |
| <b>CERTIFICATES</b>   |   |   |
| 28.   | <b>Share Certificates.</b>                                    | (a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its |

| Article No. | Articles  | Particulars   |
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|             |   | <p>letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p> |
| 29.         | Issue of new certificates in place of those defaced, lost or destroyed. | <p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>  |
| 30.         | The first named joint holder deemed Sole holder.                        | <p>(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.</p>  |
|             | Maximum number of joint holders.  | <p>(b) The Company shall not be bound to register more than three persons as the joint holders of any share.</p>  |
| 31.         | Company not bound to recognise  | <p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or</p>   |

| Article No.                       | Articles  | Particulars   |
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|                                   | <b>any interest in share other than that of registered holders.</b> | partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.   |
| <b>32.</b>                        | <b>Installment on shares to be duly paid.</b>                       | If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.   |
| <b>UNDERWRITING AND BROKERAGE</b> |   |   |
| <b>33.</b>                        | <b>Commission</b>   | Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other. |
| <b>34.</b>                        | <b>Brokerage</b>  | The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.   |
| <b>CALLS</b>                      |   |   |
| <b>35.</b>                        | <b>Directors may make calls</b>                                     | (1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.<br>(2) A call may be revoked or postponed at the discretion of the Board.<br>(3) A call may be made payable by installments.  |
| <b>36.</b>                        | <b>Notice of Calls</b>  | Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.  |
| <b>37.</b>                        | <b>Calls to date from resolution.</b>                               | A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.   |
| <b>38.</b>                        | <b>Calls on uniform basis.</b>                                      | Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.   |
| <b>39.</b>                        | <b>Directors may extend time.</b>                                   | The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.   |
| <b>40.</b>                        | <b>Calls to carry interest.</b>                                     | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the  |

| Article No. | Articles   | Particulars   |
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|             |  | Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.  |
| 41.         | <b>Sums deemed to be calls.</b>  | If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.   |
| 42.         | <b>Proof on trial of suit for money due on shares.</b>                 | On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.  |
| 43.         | <b>Judgment, decree, partial payment motto proceed for forfeiture.</b> | Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.   |
| 44.         | <b>Payments in Anticipation of calls may carry interest</b>            | <p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.</p> |
| <b>LIEN</b> |  |   |
| 45.         | <b>Company to have Lien on shares.</b>                                 | The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will   |

| <b>Article No.</b>                        | <b>Articles</b>  | <b>Particulars</b>  |
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|   |  | have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.  |
| <b>46.</b>                                | <b>As to enforcing lien by sale.</b>                         | For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.  |
| <b>47.</b>                                | <b>Application of proceeds of sale.</b>                      | The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.  |
| <b>FORFEITURE AND SURRENDER OF SHARES</b> |  |   |
| <b>48.</b>                                | <b>If call or installment not paid, notice may be given.</b> | If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force. |
| <b>49.</b>                                | <b>Terms of notice.</b>                                      | The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.   |
| <b>50.</b>                                | <b>On default of payment, shares to be forfeited.</b>        | If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.   |



| <b>Article No.</b> | <b>Articles</b>  | <b>Particulars</b>  |
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| <b>51.</b>         | <b>Notice of forfeiture to a Member</b>  | When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.  |
| <b>52.</b>         | <b>Forfeited shares to be property of the Company and may be sold etc.</b>         | Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.  |
| <b>53.</b>         | <b>Members still liable to pay money owing at time of forfeiture and interest.</b> | Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so. |
| <b>54.</b>         | <b>Effect of forfeiture.</b>   | The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.  |
| <b>55.</b>         | <b>Evidence of Forfeiture.</b>   | A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.   |
| <b>56.</b>         | <b>Title of purchaser and allottee of Forfeited shares.</b>                        | The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: 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, re-allotment or other disposal of the shares.  |
| <b>57.</b>         | <b>Cancellation of share certificate in respect of forfeited shares.</b>           | Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.  |
| <b>58.</b>         | <b>Forfeiture may be remitted.</b>   | In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.   |
| <b>59.</b>         | <b>Validity of sale</b>  | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be        |

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|  |   | impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.   |
| 60.  | Surrender of shares.  | The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.   |
| <b>TRANSFER AND TRANSMISSION OF SHARES</b> |   |  |
| 61.  | Execution of the instrument of shares.  | (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.<br>(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.   |
| 62.  | Transfer Form.  | The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.<br>The instrument of transfer shall be in a common form approved by the Exchange;   |
| 63.  | Transfer not to be registered except on production of instrument of transfer. | The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law. |
| 64.  | Directors may refuse to register transfer.                                    | Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—<br>(a) any transfer of shares on which the company has a lien.<br>That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;  |
| 65.  | Notice of refusal to be given to transferor and transferee.                   | If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.   |
| 66.  | No fee on transfer.   | No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.  |
| 67.  | Closure of Register of Members or debenture holder or other security          | The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not   |

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|                    | <b>holders.</b>  | exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.   |
| <b>68.</b>         | <b>Custody of transfer Deeds.</b>                      | The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.  |
| <b>69.</b>         | <b>Application for transfer of partly paid shares.</b> | Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.  |
| <b>70.</b>         | <b>Notice to transferee.</b>                           | For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.   |
| <b>71.</b>         | <b>Recognition of legal representative.</b>            | <p>(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares.</p> <p>(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.<br/>Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate</p> <p>(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>  |
| <b>72.</b>         | <b>Titles of Shares of deceased Member</b>             | The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act. |
| <b>73.</b>         | <b>Notice of application to be given when</b>          | Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.   |
| <b>74.</b>         | <b>Registration of</b>                                 | Subject to the provisions of the Act and these Articles, any person becoming  |



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|                   | <b>persons entitled to share otherwise than by transfer. (transmission clause).</b>       | entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.  |
| <b>75.</b>        | <b>Refusal to register nominee.</b>   | Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.   |
| <b>76.</b>        | <b>Board may require evidence of transmission.</b>  | Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.   |
| <b>77.</b>        | <b>Company not liable for disregard of a notice prohibiting registration of transfer.</b> | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit. |
| <b>78.</b>        | <b>Form of transfer Outside India.</b>  | In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.  |
| <b>79.</b>        | <b>No transfer to insolvent etc.</b>  | No transfer shall be made to any minor, insolvent or person of unsound mind.   |
| <b>NOMINATION</b> |   |  |
| <b>80.</b>        | <b>Nomination</b>   | <p>i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act,</p>   |

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|                                    |   | 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014   |
|                                    |   | iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.  |
|                                    |   | iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.  |
| <b>81.</b>                         | <b>Transmission of Securities nominee</b>                                   | <p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</p> <p>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p> |
| <b>DEMATERIALISATION OF SHARES</b> |   |  |
| <b>82.</b>                         | <b>Dematerialisation of Securities</b>                                      | Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.  |
| <b>JOINT HOLDER</b>                |   |  |
| <b>83.</b>                         | <b>Joint Holders</b>  | Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.  |
| <b>84.</b>                         | <b>Joint and several liabilities for all payments in respect of shares.</b> | (a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.  |
|                                    | <b>Title of survivors.</b>  | (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;   |
|                                    | <b>Receipts of one sufficient.</b>  | (c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and  |
|                                    | <b>Delivery of certificate and giving of notices to</b>                     | (d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any   |

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|  | first holders.   | named such document served on or sent to such person shall deemed to be service on all the holders.  |
| <b>SHARE WARRANTS</b>                  |  |  |
| 85.                                    | <b>Power to issue share warrants</b>                               | The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.  |
| 86.                                    | <b>Deposit of share warrants</b>                                   | <p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p> |
| 87.                                    | <b>Privileges and disabilities of the holders of share warrant</b> | <p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>   |
| 88.                                    | <b>Issue of new share warrant coupons</b>                          | The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.  |
| <b>CONVERSION OF SHARES INTO STOCK</b> |  |  |
| 89.                                    | <b>Conversion of shares into stock or reconversion.</b>            | <p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>  |
| 90.                                    | <b>Transfer of stock.</b>  | The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.   |
| 91.                                    | <b>Rights of stock holders.</b>                                    | The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.  |

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| 92.                        | <b>Regulations.</b>   | Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.   |
| <b>BORROWING POWERS</b>    |   |  |
| 93.                        | <b>Power to borrow.</b>   | Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, anybody corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. |
| 94.                        | <b>Issue of discount etc. or with special privileges.</b>               | Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.  |
| 95.                        | <b>Securing payment or repayment of Moneys borrowed.</b>                | The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.  |
| 96.                        | <b>Bonds, Debentures etc. to be under the control of the Directors.</b> | Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.   |
| 97.                        | <b>Mortgage of uncalled Capital.</b>                                    | If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.  |
| 98.                        | <b>Indemnity may be given.</b>  | Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.   |
| <b>MEETINGS OF MEMBERS</b> |   |  |

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| <b>99.</b>         | <b>Distinction between AGM &amp; EGM.</b>   | All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.  |
| <b>100.</b>        | <b>Extra-Ordinary General Meeting by Board and by requisition</b>                         | (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members   |
|                    | <b>When a Director or any two Members may call an Extra Ordinary General Meeting</b>      | (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.   |
| <b>101.</b>        | <b>Meeting not to transact business not mentioned in notice.</b>                          | No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.   |
| <b>102.</b>        | <b>Chairman of General Meeting</b>  | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Vice Chairman of the Company so shall take the chair and preside the meeting. In the absence of the Vice Chairman as well, the Directors present may choose one of the Directors among themselves to preside the meeting.  |
| <b>103.</b>        | <b>Business confined to election of Chairman or Vice Chairman whilst chair is vacant.</b> | No business, except the election of a Chairman or Vice Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.   |
| <b>104.</b>        | <b>Chairman with consent may adjourn meeting.</b>   | a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.<br>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.<br>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.<br>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. |
| <b>105.</b>        | <b>Chairman's casting vote.</b>   | In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.   |
| <b>106.</b>        | <b>In what case poll taken without adjournment.</b>                                       | Any poll duly demanded on the election of Chairman or Vice Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.   |
| <b>107.</b>        | <b>Demand for poll</b>  | The demand for a poll except on the question of the election of the Chairman or  |



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|                         | <b>not to prevent transaction of other business.</b>                | Vice Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.   |
| <b>VOTES OF MEMBERS</b> |   |   |
| <b>108.</b>             | <b>Members in arrears not to vote.</b>                              | No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.  |
| <b>109.</b>             | <b>Number of votes each member entitled.</b>                        | Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares. |
| <b>110.</b>             | <b>Casting of votes by a member entitled to more than one vote.</b> | On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.  |
| <b>111.</b>             | <b>Vote of member of unsound mind and of minor</b>                  | A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.  |
| <b>112.</b>             | <b>Postal Ballot</b>  | Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.  |
| <b>113.</b>             | <b>E-Voting</b>   | A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.  |
| <b>114.</b>             | <b>Votes of joint members.</b>                                      | <p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>  |
| <b>115.</b>             | <b>Votes may be given by proxy or by representative</b>             | Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles   |

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| 116.        | <b>Representation of a body corporate.</b>                                 | A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company. |
| 117.        | <b>Members paying money in advance.</b>                                    | (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.   |
|             | <b>Members not prohibited if share not held for any specified period.</b>  | (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.   |
| 118.        | <b>Votes in respect of shares of deceased or insolvent members.</b>        | Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.   |
| 119.        | <b>No votes by proxy on show of hands.</b>                                 | No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.  |
| 120.        | <b>Appointment of a Proxy.</b>   | The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.  |
| 121.        | <b>Form of proxy.</b>  | An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.   |
| 122.        | <b>Validity of votes given by proxy notwithstanding death of a member.</b> | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.  |
| 123.        | <b>Time for objections to votes.</b>                                       | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every  |

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|                  |  | vote not disallowed at such meeting shall be valid for all purposes.  |
| 124.             | <b>Chairperson of the Meeting to be the judge of validity of any vote.</b> | Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.  |
| <b>DIRECTORS</b> |  |   |
| 125.             | <b>Number of Directors</b>   | Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution  |
| 126.             | <b>Qualification shares.</b>   | A Director of the Company shall not be bound to hold any Qualification Shares in the Company.   |
| 127.             | <b>Nominee Directors.</b>  | <p>(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p> |
| 128.             | <b>Appointment of alternate Director.</b>                                  | The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.   |
| 129.             | <b>Additional Director</b>   | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.  |
| 130.             | <b>Directors power to fill casual vacancies.</b>                           | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.  |
| 131.             | <b>Sitting Fees.</b>   | Until otherwise determined by the Company in General Meeting, each Director   |



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|   |  | other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.   |
| 132.  | <b>Travelling expenses Incurred by Director on Company's business.</b>       | The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.  |
| <b>PROCEEDING OF THE BOARD OF DIRECTORS</b> |  |   |
| 133.  | <b>Meetings of Directors.</b>  | (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.<br>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.  |
| 134.  | <b>Chairman and Vice Chairman</b>  | a) The Directors may from time to time elect from among their members a Chairperson of the Board as well as a Vice Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, to the Vice Chairman shall preside at the meeting and in the absence of the Vice Chairman as well, the Directors present may choose one of the Directors among themselves to preside the meeting.<br>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time. |
| 135.  | <b>Questions at Board meeting how decided.</b>                               | Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman or the Vice Chairman, as the case may be will have a second or casting vote.   |
| 136.  | <b>Continuing directors may act notwithstanding any vacancy in the Board</b> | The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.  |
| 137.  | <b>Directors may appoint committee.</b>                                      | Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.                             |
| 138.  | <b>Committee Meetings how to be governed.</b>                                | The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.   |
| 139.  | <b>Chairperson of Committee Meetings</b>                                     | a) A committee may elect a Chairperson of its meetings.<br>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.  |

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| 140.  | Meetings of the Committee  | a) A committee may meet and adjourn as it thinks fit.<br>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.   |
| 141.  | Acts of Board or Committee shall be valid notwithstanding defect in appointment. | Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. |
| <b>RETIREMENT AND ROTATION OF DIRECTORS</b> |  |  |
| 142.  | Power to fill casual vacancy   | Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.  |
| <b>POWERS OF THE BOARD</b>                  |  |  |
| 143.  | Powers of the Board  | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.  |
| 144.  | Certain powers of the Board  | Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say  |
|   | To acquire any property , rights etc.  | (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India.  |
|   | To take on Lease.  | (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.   |
|   | To erect & construct.  | (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.   |
|   | To pay for   | (4) At their discretion and subject to the provisions of the Act, the Directors  |

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|                    | <b>property.</b>                                     | may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.          |
|                    | <b>To insure properties of the Company.</b>          | (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. |
|                    | <b>To open Bank accounts.</b>                        | (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.  |
|                    | <b>To secure contracts by way of mortgage.</b>       | (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.  |
|                    | <b>To accept of shares.</b>                          | (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.  |
|                    | <b>To appoint trustees for the Company.</b>          | (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.  |
|                    | <b>To conduct legal proceedings.</b>                 | (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.  |
|                    | <b>Bankruptcy &amp; Insolvency</b>                   | (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.  |
|                    | <b>To issue receipts &amp; give discharge.</b>       | (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.   |
|                    | <b>To invest and deal with money of the Company.</b> | (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.  |
|                    | <b>To give Security by way of indemnity.</b>         | (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers,  |

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|             |  | provisions, covenants and agreements as shall be agreed upon;   |
|             | <b>To determine signing powers.</b>                        | (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.  |
|             | <b>Commission or share in profits.</b>                     | (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.  |
|             | <b>Bonus etc. to employees.</b>                            | (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.   |
|             | <b>Transfer to Reserve Funds.</b>                          | (18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper. |
|             | <b>To appoint and remove officers and other employees.</b> | (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.   |
|             | <b>To appoint</b>  | (20) At any time and from time to time by power of attorney under the seal of   |

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|             | <b>Attorneys.</b>                                       | the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them. |
|             | <b>To enter into contracts.</b>                         | (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.  |
|             | <b>To make rules.</b>                                   | (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.  |
|             | <b>To effect contracts etc.</b>                         | (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.  |
|             | <b>To apply &amp; obtain concessions licenses etc.</b>  | (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.  |
|             | <b>To pay commissions or interest.</b>                  | (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.  |
|             | <b>To redeem preference shares.</b>                     | (26) To redeem preference shares.   |
|             | <b>To assist charitable or benevolent institutions.</b> | (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.   |
|             |   | (28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.   |
|             |   | (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.  |
|             |   | (30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to  |



| Article No.                              | Articles   | Particulars   |
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|  |  | the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. |
|  |  | (31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.   |
|  |  | (32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.   |
|  |  | (33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.   |
|  |  | (34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.   |
|  |  | (35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.  |
|  |  | (36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.  |
|  |  | (37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.   |
|  |  | (38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.  |
| <b>MANAGING AND WHOLE-TIME DIRECTORS</b> |  |   |
| <b>145.</b>                              | <b>Powers to appoint Managing/ Whole-time Directors.</b> | a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or   |

| Article No.   | Articles   | Particulars  |
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|   |  | <p>them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p>   |
| 146.  | <b>Remuneration of Managing or Whole-time Director.</b>  | The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.   |
| 147.  | <b>Powers and duties of Managing Director or Whole-time Director.</b>                                | <p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p> |
| <b>CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER</b> |  |  |
| 148.  | <b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b> | <p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager,</p>  |

| Article No.                  | Articles  | Particulars   |
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|                              |   | company secretary or chief financial officer.   |
|                              |   | b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.   |
| <b>THE SEAL</b>              |   |   |
| 149.                         | The seal, its custody and use.                        | (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.<br>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.  |
| 150.                         | Deeds executed. how                                   | The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.  |
| <b>Dividend and Reserves</b> |   |   |
| 151.                         | Division of profits.                                  | (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.<br>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.<br>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. |
| 152.                         | The company in General Meeting may declare Dividends. | The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.   |
| 153.                         | Transfer reserves to                                  | a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.<br>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.   |
| 154.                         | Interim Dividend.                                     | Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.  |



| Article No.           | Articles   | Particulars   |
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| 155.                  | Debts may be deducted.   | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.  |
| 156.                  | Capital paid up in advance not to earn dividend.   | No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.  |
| 157.                  | Dividends 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 dividends as from a particular date such share shall rank for dividend accordingly.  |
| 158.                  | Retention of dividends until completion of transfer under Articles .   | The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.   |
| 159.                  | No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof. | No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.  |
| 160.                  | Effect of transfer of shares.  | A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.  |
| 161.                  | Dividend to joint holders.   | Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.   |
| 162.                  | Dividends how remitted.  | <p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p> |
| 163.                  | Notice of dividend.  | Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.  |
| 164.                  | No interest on Dividends.  | No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.  |
| <b>CAPITALIZATION</b> |  |   |
| 165.                  | Capitalization.  | <p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(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</p> <p>(b) that such sum be accordingly set free for distribution in the manner</p>  |

| Article No. | Articles  | Particulars   |
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|             |   | specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.  |
|             |   | (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:   |
|             |   | (i) paying up any amounts for the time being unpaid on any shares held by such members respectively;  |
|             |   | (ii) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or  |
|             |   | (iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).  |
|             |   | (3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.   |
|             |   | (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.  |
| <b>166.</b> | <b>Fractional Certificates.</b>                         | <p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p> <p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p> |
| <b>167.</b> | <b>Inspection of Minutes Books of General Meetings.</b> | <p>(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.</p>  |
| <b>168.</b> | <b>Inspection of</b>                                    | a) The Board shall from time to time determine whether and to what extent and   |

| Article No.                             | Articles   | Particulars   |
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|   | <b>Accounts</b>  | at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.<br>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.  |
| <b>FOREIGN REGISTER</b>                 |  |   |
| <b>169.</b>                             | <b>Foreign Register.</b>   | The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.  |
| <b>DOCUMENTS AND SERVICE OF NOTICES</b> |  |   |
| <b>170.</b>                             | <b>Signing of documents &amp; notices to be served or given.</b> | Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.   |
| <b>171.</b>                             | <b>Authentication of documents and proceedings.</b>              | Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.   |
| <b>WINDING UP</b>                       |  |   |
| <b>172.</b>                             |  | Subject to the provisions of Chapter XX of the Act and rules made thereunder—<br>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.<br>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.<br>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.   |
| <b>INDEMNITY</b>                        |  |   |
| <b>173.</b>                             | <b>Directors' and others right to indemnity.</b>                 | Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court. |
| <b>174.</b>                             | <b>Not responsible for acts of others</b>                        | Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of  |

| Article No.    | Articles                                   | Particulars   |
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|                |  | any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty. |
| <b>SECRECY</b> |  |   |
| 175.           | <b>Secrecy</b>                             | (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.  |
|                | <b>Access to property information etc.</b> | (b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.  |

## SECTION IX - OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

#### 1. Material Contracts for the Issue

- (i) Issue Agreement dated September 18, 2020 entered into between our Company and the BRLM.
- (ii) Registrar Agreement dated September 25, 2020 entered into amongst our Company and the Registrar to the Issue.
- (iii) Advertising agency Agreement dated [●] entered into between [●] and our Company.
- (iv) Tripartite Agreement dated March 11, 2020 between our Company, NSDL and the Registrar to the Issue
- (v) Tripartite Agreement dated [●] between our Company, CDSL and the Registrar to the Issue\*  
*\*As of date of this Draft Red Herring Prospectus, we have not received a copy of the tripartite agreement executed with CDSL, due to the ongoing pandemic and the lockdown imposed by several State Governments, however we undertake to provide the details of the said agreement in the Red Herring Prospectus.*
- (vi) Escrow and Sponsor Bank Agreement dated [●] amongst our Company the BRLM, Syndicate Member, Escrow Collection Banks, Sponsor Bank and the Registrar to the Issue.
- (vii) Syndicate Agreement dated [●] entered into amongst our Company, the BRLM and the Syndicate Members.
- (viii) Underwriting Agreement dated [●] amongst our Company and the Underwriters.

#### 2. Material Documents

- (i) Certified copy of the updated Memorandum of Association and Articles of Association of our Company.
- (ii) Certificate of incorporation dated January 11, 1989.
- (iii) Fresh certificate of incorporation dated March 29, 2012 consequent upon change of name from Sigachi Chloro-Chemicals Private Limited to Sigachi Industries Private Limited.
- (iv) Fresh certificate of incorporation dated December 09, 2019 consequent upon conversion from private company to public company.
- (v) Resolution of the Board of Directors dated December 10, 2019 in relation to the Issue.
- (vi) Shareholders' resolution dated January 09, 2020 in relation to the Issue.
- (vii) Resolutions of the IPO Committee and the Board of Directors of the Company dated September 27, 2020, taking on record and approving this Draft Red Herring Prospectus.

- (viii) The examination reports dated September 18, 2020 of the Statutory Auditor, on our Company's Restated Consolidated Financial Statements, included in this Draft Red Herring Prospectus.
- (ix) Copies of the annual reports of our Company for the Fiscals 2018, 2019 and 2020.
- (x) Statement of Tax Benefits dated September 15, 2020 from the Statutory Auditor included in this Draft Red Herring Prospectus.
- (xi) Deployment certificate dated September 15, 2020 issued by our Statutory Auditor certifying the deployment of funds made by our Company towards the Objects of the Issue.
- (xii) Consent of the Promoters, Directors, the BRLM, Legal Counsel, Registrar to the Issue, Bankers to our Company, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities.
- (xiii) Consent letter dated September 21, 2020 of the Statutory Auditor to include their names as experts in relation to their report dated September 18, 2020 on the Restated Consolidated Financial Information and the Statement of Tax Benefits dated September 15, 2020 included in this Draft Red Herring Prospectus.
- (xiv) Consent letter dated September 05, 2020 of K. Anjaneyulu, Chartered Engineer to include his name as an expert in relation to his chartered engineer certificates dated September 01, 2020 in this Draft Red Herring Prospectus.
- (xv) Consent from CARE dated September 22, 2020 issued for inclusion of their name and to reproduce the industry report titled "*Research Report on Microcrystalline Cellulose Industry*" dated August 2020 in this Draft Red Herring Prospectus.
- (xvi) Consent letter dated September 08, 2020 issued by Aakansha, Company Secretary in Practice in relation to the search report dated September 08, 2020.
- (xvii) Scheme of Arrangement between our Company, Sigachi Cellulos Private Limited and Sigachi Plasticisers Private Limited and their respective shareholders and creditors.
- (xviii) Order dated July 07, 2014 of the Hon'ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh, sanctioning the Scheme of Arrangement.
- (xix) Agreement dated June 04, 2012 executed between Gujarat Alkalies and Chemicals Limited ("**GACL**") and our Company for contract manufacturing of stable bleaching powder at the manufacturing plant owned by GACL.
- (xx) Agreement dated April 10, 2014 executed between GACL and our Company for operation of the plant owned by GACL for manufacturing sodium chlorate.
- (xxi) Consent letter dated September 22, 2020 issued by GACL for disclosing its name and the details of the agreements executed; under the confidentiality conditions prescribed under the "Secrecy and Confidentiality" clauses of such agreements.
- (xxii) Due Diligence Certificate dated September 27, 2020 addressed to SEBI from the BRLM.
- (xxiii) In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
- (xxiv) SEBI observation letter number [●] dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Red Herring Prospectus are true and correct.

## SIGNED BY THE DIRECTORS OF OUR COMPANY

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**Swami Das Nigam**  
(Chairman and Non-Executive Director)

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**Rabindra Prasad Sinha**  
(Whole-time Director)

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**Chidambarnathan Shanmuganathan**  
(Whole-time Director)

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**Amit Raj Sinha**  
(Managing Director and Chief Executive Officer)

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**Vijaykumar Amrutlal Bhavsar**  
(Whole-time Director)

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**Kanika Singal**  
(Independent Director)

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**Lijo Stephen Chacko**  
(Independent Director)

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**Sarveswara Reddy Sanivarapu**  
(Additional (Independent) Director)

## SIGNED BY OUR CHIEF FINANCIAL OFFICER

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**Subbarami Reddy Oruganti**

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Place: Hyderabad, Telangana

Date: September 27, 2020