

# Khadim's®

## KHADIM INDIA LIMITED

Our Company was originally incorporated as S.N. Footwear Industries Private Limited under the provisions of the Companies Act, 1956 pursuant to a certificate of incorporation dated December 3, 1981 issued by the Registrar of Companies, West Bengal at Kolkata ("RoC"). The name of our Company was changed to Khadim Chain Stores Private Limited pursuant to a fresh certificate of incorporation dated April 17, 1998. The name of our Company was further changed to Khadim Chain Stores Limited, on conversion into a public limited company, pursuant to a fresh certificate of incorporation dated June 24, 2005. Subsequently, the name of the Company was further changed to Khadim India Limited, pursuant to a fresh certificate of incorporation dated August 26, 2005. For further details of change in the name and Registered and Corporate Office of our Company, please see the section entitled "History and Certain Corporate Matters" on page 125.

**Registered and Corporate Office:** Kankaria Estate, 5th Floor, 6, Little Russell Street, Kolkata 700 071

**Contact Person:** Abhijit Dan, Company Secretary and Compliance Officer; **Tel:** +91 33 4009 0501; **Fax:** +91 33 4009 0500; **E-mail:** compliance@khadims.com; **Website:** www.khadims.com

**Corporate Identity Number:** U19129WB1981PLC034337

### OUR PROMOTERS: SIDDHARTHA ROY BURMAN AND KNIGHTSVILLE PRIVATE LIMITED

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF KHADIM INDIA LIMITED (OUR "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION, COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 500 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 6,574,093 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, COMPRISING AN OFFER FOR SALE OF UP TO 722,000 EQUITY SHARES BY SIDDHARTHA ROY BURMAN (THE "PROMOTER SELLING SHAREHOLDER") AND 5,852,093 EQUITY SHARES BY FAIRWINDS TRUSTEES SERVICES PRIVATE LIMITED, ACTING IN ITS CAPACITY AS THE TRUSTEE TO RELIANCE ALTERNATIVE INVESTMENTS FUND – PRIVATE EQUITY SCHEME – I (THE "INVESTOR SELLING SHAREHOLDER") (THE INVESTOR SELLING SHAREHOLDER AND THE PROMOTER SELLING SHAREHOLDER ARE COLLECTIVELY, THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

THE FACE VALUE OF EACH EQUITY SHARE IS ₹10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE INVESTOR SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLMs AND WILL BE ADVERTISED IN ALL EDITIONS OF FINANCIAL EXPRESS (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITIONS OF JANSATTA (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER) AND KOLKATA EDITION OF KALANTAR PATRIKA (A WIDELY CIRCULATED BENGALI DAILY NEWSPAPER, BENGALI BEING THE REGIONAL LANGUAGE OF WEST BENGAL WHERE OUR REGISTERED OFFICE IS LOCATED) AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Designated Intermediaries.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR"), this is an Offer for at least 25% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations") wherein 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs") (the "QIB Portion"), provided that our Company and the Investor Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion 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 Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are mandatorily required to participate in the Offer through an Application Supported by Blocked Amount ("ASBA") process by providing details of their respective bank account which will be blocked by the Self Certified Syndicate Banks ("SCBs"). Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, please see the section entitled "Offer Procedure" on page 277.

### RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (determined and justified by our Company and Investor Selling Shareholder in consultation with the BRLMs as stated under the section entitled "Basis for Offer Price" on page 83) 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 Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer 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 Red Herring Prospectus. Specific attention of the investors is invited to the section entitled "Risk Factors" on page 14.

### ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this 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 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. Further, the Selling Shareholders severally accept responsibility that this Red Herring Prospectus contains all information about them as Selling Shareholders in the context of the Offer for Sale and further severally assume responsibility for statements in relation to them included in this Red Herring Prospectus and the Equity Shares offered by them in the Offer and that such statements are true and correct in all material respects and not misleading in any material respect.

### LISTING

The Equity Shares offered through this 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 July 10, 2017 and July 14, 2017, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A copy of this 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 this Red Herring Prospectus up to the Bid/ Offer Closing Date, please see the section entitled "Material Contracts and Documents for Inspection" on page 402.

### BOOK RUNNING LEAD MANAGERS

### REGISTRAR TO THE OFFER

		
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**Axis Capital Limited**  
Axis House, 1<sup>st</sup> Floor, C-2, Wadia International Center  
P. B. Marg, Worli  
Mumbai 400 025  
Tel: +91 22 4325 2183  
Fax: +91 22 4325 3000  
E-mail: khadim.ipo@axiscap.in  
Investor grievance e-mail: complaints@axiscap.in  
Website: www.axiscapital.co.in  
Contact Person: Lohit Sharma  
SEBI Registration No.: INM000012029

**IDFC Bank Limited**  
Naman Chambers, C – 32, G Block  
Bandra Kurla Complex  
Bandra (E), Mumbai 400 051  
Maharashtra, India  
Tel: +91 22 6622 2600  
Fax: +91 22 6622 2501  
E-mail: khadim.ipo@idfcbank.com  
Investor Grievance E-mail: mb.ig@idfcbank.com  
Website: www.idfcbank.com  
Contact Person: Mangesh Ghogle  
SEBI Registration No.: INM000012250

**Link Intime India Private Limited**  
C-101, 1<sup>st</sup> Floor, 247 Park  
L B S Marg  
Vikhroli West  
Mumbai 400 083  
Tel: +91 22 4918 6200  
Fax: +91 22 4918 6195  
E-mail: khadim.ipo@linkintime.co.in  
Investor grievance e-mail: khadim.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Shanti GopalKrishnan  
SEBI Registration No.: INR000004058

### BID/OFFER PROGRAMME

<b>BID/OFFER OPENS ON</b>	November 2, 2017*
<b>BID/OFFER CLOSES ON</b>	November 6, 2017

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

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## **SECTION I: GENERAL**

### **DEFINITIONS AND ABBREVIATIONS**

*This Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act or regulation, as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this 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 Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms used in the sections entitled “Statement of Tax Benefits”, “Financial Statements”, “Main Provisions of Articles of Association”, “Outstanding Litigation and Material Developments” and “Regulations and Policies” on pages 86, 160, 320, 246 and 122, respectively, shall have the meaning ascribed to such terms in such sections.*

#### **General Terms**

<b>Term</b>	<b>Description</b>
“our Company”, “the Company” or “the Issuer”, “we”, “us” or “our”	Khadim India Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at Kankaria Estate, 5th Floor, 6, Little Russell Street Kolkata 700 071

#### **Company Related Terms**

<b>Term</b>	<b>Description</b>
Articles of Association or AoA	Articles of Association of our Company, as amended
Audit Committee	The audit committee of the board of directors described in the section entitled “Our Management” on page 133
Auditors/Statutory Auditors	Statutory auditors of our Company, being, Deloitte Haskins & Sells, Chartered Accountants
Board/Board of Directors	Board of directors of our Company or a duly constituted committee thereof
CCDs	Compulsorily convertible debentures bearing zero coupon rate of our Company
CFO	Chief financial officer of our Company
Director(s)	Director(s) on the Board
Equity Shares	Equity shares of our Company of face value of ₹10 each
ESOP 2017	Khadim Employee Stock Option Plan 2017
Executive Directors	Executive Directors of our Company
Group Companies	Companies which are covered under the applicable accounting standards and other companies as considered material by our Board, for details, please see the section entitled “Our Group Companies” on page 153
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI Regulations, the Companies Act, 2013 and as disclosed in the section entitled “Our Management” on page 133
Memorandum of Association or MoA	Memorandum of Association of our Company, as amended
Merged Entities	Khadim Holdings Private Limited, Khadim Shoe Private Limited, Khadim Industries Private Limited, Colt Enterprises Private Limited and Aar Ess Land Development Private Limited
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations. For details, please see the section entitled “Our Promoters and Promoter Group” on page 149
Promoters	The promoters of our Company namely, Siddhartha Roy Burman and Knightsville Private Limited. For details, please see the section entitled “Our Promoters and Promoter Group” on page 149
Fairwinds	Fairwinds Trustees Services Private Limited, acting in its capacity as the

<b>Term</b>	<b>Description</b>
Reliance PE Scheme I	trustee to Reliance Alternative Investments Fund – Private Equity Scheme – I Reliance Alternative Investments Fund – Private Equity Scheme – I
SHA	Shareholders' agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Private Limited. as amended through the amendment dated June 17, 2017, between the Company, Knightsville Private Limited, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I.  For details, please see the section entitled " <i>History and Certain Corporate Matters</i> " on page 125
SSPA	Securities Subscription and Purchase Agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Private Limited. For details, please see the section entitled " <i>History and Certain Corporate Matters</i> " on page 125
Registered and Corporate Office	Registered and corporate office of our Company located at Kankaria Estate, 5th Floor, 6, Little Russell Street Kolkata 700 071
Registrar of Companies/RoC	Registrar of Companies, Kolkata, West Bengal
Restated Financial Statements	The audited and restated standalone financial statements of our Company as at and for the Financial Years ended March 31, 2013, March 31, 2014, March 31, 2015, March 31, 2016 and March 31, 2017, and as at and for the three month period ended June 30, 2017, which comprises the restated standalone balance sheet, the restated standalone statement of profit and loss and the restated standalone cash flow statement, together with the annexures and notes thereto and the examination report thereon
Scheme	Scheme of amalgamation between the Merged Entities, pursuant to order dated June 22, 2005, wherein the Calcutta High Court approved the Scheme and the merger came into effect from October 1, 2004. For details, please see the section entitled " <i>History and certain Corporate Matters</i> " on page 125

#### Offer Related Terms

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of Equity Shares pursuant to the Fresh Issue and transfer of Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI Regulations and this Red Herring Prospectus
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors in terms of this Red Herring Prospectus, which will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
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

<b>Term</b>	<b>Description</b>
	of this Red Herring Prospectus and the Prospectus
Anchor Investor Bid/Offer Period	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price  The Anchor Investor Offer Price will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company and the Investor Selling Shareholder in consultation with the BRLMs, to Anchor Investors on a discretionary basis  One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the ASBA Account
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form
Axis	Axis Capital Limited
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in the section entitled “ <i>Offer Procedure</i> ” on page 277
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, 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 Regulations  The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●] Equity Shares
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being November 6, 2017  Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being November 2, 2017
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof

<b>Term</b>	<b>Description</b>
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centers	Centers at which at the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI Regulations, in terms of which the Offer is being made
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, Axis Capital Limited and IDFC Bank Limited
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker  The details of such Broker Centres, along with the names and contact details of the Registered Broker 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> )
CAN/Confirmation of Allocation Note	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/Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow Agreement	Agreement dated October 13, 2017 entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank, the Refund Bank and Public Offer Bank for 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 Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by our Company and the Investor Selling Shareholder, in consultation with the BRLMs  Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details
Designated Date	The date on which funds are transferred from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account or the Refund Account, as appropriate, after filing of the Prospectus with the RoC
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms.  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 Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.  The details of such Designated RTA Locations, along with names and contact

<b>Term</b>	<b>Description</b>
	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> )
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> Intermediaries or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	NSE
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus dated June 30, 2017, issued in accordance with the SEBI Regulations, which did not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible NRI(s)	NRI(s) eligible to invest under schedule 4 of the FEMA Regulations, on a non-repatriation basis, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares. NRIs investing on a repatriation basis are not permitted to invest in the Offer
Escrow Account(s)	'No-lien' and 'non interest bearing' accounts opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank	The Bank which is a clearing member and registered with SEBI as banker to an issue and with whom the Escrow Accounts will be opened, in this case being HDFC Bank Limited
First Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of up to [●] Equity Shares aggregating up to ₹ 500 million by our Company
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, suitably modified and included in the section entitled "Offer Procedure" on page 277
IDFC	IDFC Bank Limited
Investor Selling Shareholder	Fairwinds Trustees Services Limited acting in its capacity of trustee of Reliance Alternative Investments Fund – Private Equity Scheme – I
Maximum RIB Allottees	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
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses  For further information about use of the Offer Proceeds and the Offer expenses, please see the section entitled "Objects of the Offer" on page 77
Non-Institutional Bidder/NIBs	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price

<b>Term</b>	<b>Description</b>
Non-Resident	A person resident outside India, as defined under FEMA and includes a non resident Indian, FPIs and FVCIs
Offer	The public issue of up to [●] Equity Shares of face value of ₹10 each for cash at a price of ₹ [●] each, aggregating up to ₹ [●] million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated June 29, 2017 between our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer for Sale	The offer for sale of up to 6,574,093 Equity Shares by Selling Shareholders at the Offer Price aggregating up to ₹ [●] million in terms of this Red Herring Prospectus
Offer Price	<p>The final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of this Red Herring Prospectus</p> <p>The Offer Price will be decided by our Company and the Investor Selling Shareholder, in consultation with the BRLMs on the Pricing Date</p>
Offer Proceeds	The proceeds of the Offer that are available to our Company and the Selling Shareholders
Price Band	<p>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</p> <p>The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs, and will be advertised, at least five Working Days prior to the Bid/Offer Opening Date, in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and Kolkata edition of Kalantar Patrika (a widely circulated Bengali daily newspaper, Bengali being the regional language of West Bengal where our Registered and Corporate Office is located)</p>
Pricing Date	The date on which our Company and the Investor Selling Shareholder in consultation with the BRLMs, will finalise the Offer Price
Promoter Selling Shareholder	Siddhartha Roy Burman
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI Regulations containing, <i>inter alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	'No-lien' and 'non interest bearing' account to be opened with under Section 40(3) of the Companies Act, 2013 with the Public Offer Bank to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
Public Offer Bank(s)	Banks with whom the Public Offer Accounts for collection of Bid Amounts from Escrow Accounts and ASBA Accounts will be opened, in this case being, HDFC Bank Limited and Axis Bank Limited
QIB Category/QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being 50% of the Offer consisting of [●] Equity Shares which shall be Allotted to QIBs (including Anchor Investors). Multilateral and bilateral development financial institutions and foreign venture capital investors registered with SEBI are not permitted to invest in the Offer
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Red Herring Prospectus or RHP	This Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto

<b>Term</b>	<b>Description</b>
	This Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	'No-lien' and 'non interest bearing' account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank	Axis Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar to the Offer/Registrar	Link Intime India Private Limited
Registrar Agreement	The Agreement dated June 15, 2017 entered into between our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Retail Individual Bidder(s)/RIB(s)	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer comprising [●] Equity Shares which shall be available for allocation to Retail Individual Bidders) in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	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 revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> and updated from time to time
Selling Shareholders	The Promoter Selling Shareholder and the Investor Selling Shareholder
Share Escrow Agreement	Agreement dated September 20, 2017 entered into by the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by such Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement, namely, Link Intime India Private Limited
Specified Locations	Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available on the website of SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) from time to time
Syndicate Agreement	Agreement to be entered into among the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to collection of Bid cum Application Forms by Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, IDFC Securities Limited and Sharekhan Limited
Syndicate	The BRLMs and the Syndicate Members
Underwriters	[●]
Underwriting Agreement	The agreement among the Underwriters, the Registrar, our Company and the Selling Shareholders to be entered into on or after the Pricing Date

<b>Term</b>	<b>Description</b>
Working Day	All days, other than second and fourth Saturday of a 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/Offer Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, “Working Day” shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

#### **Technical/Industry Related Terms /Abbreviations**

<b>Term</b>	<b>Description</b>
₹/Rs./Rupees/INR	Indian Rupees
AIF	Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
ASP	Average selling price, is the net realization to the Company i.e. net of discounts and net of taxes. It is calculated as Total net sales divided by number of pairs sold
Bn/bn	Billion
BO	Branded outlets
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Category I foreign portfolio investors	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II foreign portfolio investors	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III foreign portfolio investors	FPIs who are registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations
CCI	Competition Commission of India
CIN	Corporate Identity Number
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder
Competition Act	Competition Act, 2002
Consumer Protection Act	Consumer Protection Act, 1986
COO	Company owned and operated outlets
Copyright Act	Copyright Act, 1957
CSR	Corporate social responsibility
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
Designs Act	Designs Act, 2000
DIN	Director Identification Number
DP ID	Depository Participant’s Identification
DP/Depository Participant	A depository participant as defined under the Depositories Act
EBO	Exclusive branded outlets
EGM	Extraordinary General Meeting
Environment Protection Act	The Environment Protection Act 1986

<b>Term</b>	<b>Description</b>
EPS	Earnings per Share
EVA	Ethylene-vinyl acetate
Factories Act	Factories Act, 1948
FDI	Foreign Direct Investment
FDI Policy	The Consolidated Foreign Direct Investment Policy notified by DIPP from time to time, in this case the Consolidated Foreign Direct Investment Policy notified by notification D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, effective from August 28, 2017
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Financial Year/Fiscal//fiscal/ Fiscal Year/FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FRM	Franchisee run and managed outlets
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross domestic product
GoI/Government	Government of India
Hazardous Waste Rules	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
ICAI	The Institute of Chartered Accountants of India
IMF	International Monetary Fund
Income Tax Act/IT Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards
India	Republic of India
Indian Boiler Act	Indian Boilers Act, 1923
Indian Boilers Regulations	Indian Boilers Regulation, 1950
Indian GAAP	Generally Accepted Accounting Principles in India
Industrial Disputes Act	Industrial Disputes Act, 1947
Industrial Disputes Amendment Act	Industrial Disputes (Amendment) Act, 2010
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
IT	Information technology
Legal Metrology Act	Legal Metrology Act, 2009
MBO	Multi-brand-outlets
MCA	Ministry of Corporate Affairs, Government of India
Metro/Mini Metro cities	Population: more than 5 million, as defined in the Technopak Report
Mn/mn	Million
MRP	Maximum retail price
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A./NA	Not Applicable
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Notified Sections	The sections of the Companies Act, 2013 that were notified by the Ministry of Corporate Affairs, Government of India
NR	Non-resident
NRE Account	Non Resident External Account
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 or an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship

<b>Term</b>	<b>Description</b>
	Act, 1955
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
Packaged Commodities Rules	Legal Metrology (Packaged Commodities) Rules, 2011
PAN	Permanent Account Number
PU	Polyurethanes
PVC	Poly-vinyl chloride
PVC DIP	PVC - direct injection process
RBI	Reserve Bank of India
Regulation S	Regulation S under the Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI 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 Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
Securities Act	U.S. Securities Act of 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SKU	Stock keeping unit
Stock Exchanges	The BSE and the NSE
STT	Securities Transaction Tax
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Technopak	Technopak Advisors Private Limited
Technopak Report	“Industry Report on Indian Footwear Industry” of June 2017 by Technopak
Tier I cities	Population: 1 to 5 million, as defined in the Technopak Report
Tier II cities	Population: 0.3 to 1 million, as defined in the Technopak Report
Tier III cities	Population less than 0.3 million, as defined in the Technopak Report
Trademarks Act	Trademarks Act, 1999
U.S./USA/United States	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US\$	United States Dollars
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

<b>Term</b>	<b>Description</b>
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Water Cess Act	Water (Prevention and Control of Pollution) Cess Act, 1977
Wilful Defaulter(s)	Wilful defaulter as defined under Regulation 2(1)(zn) of SEBI Regulations
Workmen's Compensation Act	Workmen's Compensation Act, 1923

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

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

### **Financial Data**

Unless stated otherwise, the financial information in this Red Herring Prospectus is derived from our Restated Financial Statements.

In this 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 percentage figures have been rounded off to two decimal places.

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 12 month period ended on March 31 of that year.

There are significant differences between Indian GAAP, IND AS, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Whilst a statement of reconciliation between IND AS and Indian GAAP for comprehensive income, net profit after tax and total equity has been provided in the section entitled “*Statement of Reconciliation between IND AS and Indian GAAP*” on page 219, our Company has not attempted to explain any other differences or quantify any impact on the financial data included in this 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 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 Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections entitled “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditional and Results of Operations*” on pages 14, 104 and 223, respectively, and elsewhere in this Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements.

### **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; and
- “USD” or “US\$” are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Red Herring Prospectus in “million” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

### **Exchange Rates**

This Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI 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.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and the US\$ (in Rupees per US\$):

(Amount in ₹, unless otherwise specified)

Currency	As at June 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013
1 US\$	64.74	64.84	66.33	62.59	60.09	54.39

Source: RBI Reference Rate

\* Exchange rate as on March 28, 2014, as RBI Reference Rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.

\*\* Exchange rate as on March 28, 2013, as RBI Reference Rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, Saturday and public holiday respectively.

### Presentation of our Exclusive Retail Stores

All references to exclusive retail stores in this Red Herring Prospectus includes stores of our Company operated through COO, EBO, BO and FRM, on an exclusive basis.

All references to the number of our franchisee operated stores include inactive franchisee operated stores, being stores from which our Company has not generated revenue in the preceding 12 months, as at specified date, but with whom our Company has subsisting agreements. As at June 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, our Company had 685, 667, 628, 580, 546 and 525 franchisee operated stores, of which, 155, 156, 164, 177, 177 and 170, respectively, were inactive franchisee operated stores. Further, all references to the number of our distributors in a particular year refer to distributors with which our Company has processed orders for such fiscal year.

During the three month period ended June 30, 2017 and the years ending March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, our Company had opened 28, 81, 81, 81, 46 and 38 exclusive retail stores and closed 4, 28, 27, 21, 18 and 27 exclusive retail stores, of which were 4, 26, 24, 19, 18 and 27, respectively were franchises operated stores.

### Industry and Market Data

Unless stated otherwise, industry and market data used in this Red Herring Prospectus has been obtained or derived from the report titled “Industry Report on Indian Footwear Industry” of June 2017 by Technopak (“**Technopak Report**”) and publicly available information as well as other industry publications and sources. The Technopak Report has been prepared at the request of our Company.

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. Accordingly, no investment decisions should be based on such information. Although we believe the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, the Selling Shareholders or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable.

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

In accordance with the SEBI Regulations, the section entitled “*Basis for Offer Price*” on page 83 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

## **FORWARD-LOOKING STATEMENTS**

This 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.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, 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 expectations include, but are not limited to, the following:

- Any inability to expand into new geographic markets or penetrate existing markets;
- Any delay or default in payment from our franchisee operated stores or distributors;
- Our Company may not be able to obtain sufficient quantities of finished products from outsourced vendors in a timely manner or at acceptable prices;
- Any failure to maintain relationships with our franchisees with respect to our retail business and with our distributors with respect to our distribution business;
- Our cost of procurement of products from outsourced vendors or cost of manufacture of products sourced from contract manufacturers may increase in the future;
- Our inability to maintain an optimal level of inventory in our stores;
- Failure to successfully procure raw materials or to identify new raw material suppliers;
- Inability to maintain and enhance the ‘Khadim’s’ brand;
- Any inability to increase our market share in premium products; and
- Our failure to anticipate and respond to changes in fashion trends and consumer preferences in a timely manner.

For further discussion on factors that could cause actual results to differ from expectations, please see the section entitled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 14, 104 and 223, respectively. 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.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this 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 Selling Shareholders, the BRLMs 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 Regulations, our Company and the BRLMs will ensure that the investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

## **SECTION II: RISK FACTORS**

*Investment in our Equity Shares involves a high degree of risk and Bidders should not invest any funds in the Offer unless Bidders can afford to take the risk of losing all or a part of your investment. The risks and uncertainties described below together with the other information contained in this Red Herring Prospectus should be carefully considered before making an investment decision in our Equity Shares. The risks described below are not the only ones relevant to the country or the industry in which we operate or our Company or our Equity Shares. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise and may become material in the future and may also impair our business operations and financial condition. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. To have a complete understanding of our Company, you should read this section in conjunction with the sections entitled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 104 and 223, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus. If any of the risks described below, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, prospects, financial condition and results of operations could suffer materially, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.*

*Prior to making an investment decision, Bidders should carefully consider all of the information contained in this Red Herring Prospectus (including “Financial Information” on page 160) and must rely on their own examination of our Company and the terms of the Offer including the merits and the risks involved. You should also consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks mentioned herein.*

*We have described the risks and uncertainties that our management believe are material but the risks set out in this Red Herring Prospectus may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. In making an investment decision, Bidders must rely on their own examination of us and the terms of the Offer including the merits and the risks involved.*

*This Red Herring Prospectus also contains forward-looking statements that involve risk 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 in the section entitled “Forward-Looking Statements” on page 13, and elsewhere in this Red Herring Prospectus.*

*Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.*

### **A. Internal Risk Factors**

- 1. We are subject to risks associated with expansion into new geographic markets. Any inability to expand into new geographic markets or penetrate existing markets may adversely affect our growth and future prospects.**

Expansion into new geographic regions, including different states in India, subjects us to various challenges, including those relating to our lack of familiarity with the culture, consumer preferences, regulations and economic conditions of these new regions. Language barriers, difficulties in staffing and managing such operations coupled with, the lack of brand recognition and reputation in such regions may also affect our ability to expand into newer geographic regions. For instance, we intend to set up new exclusive retail stores in West and North India, going forward and we may not be able to succeed if any of the risks in this relation materialize. The risks involved in entering new geographic markets and expanding operations, may be higher than expected, and we may face significant competition in such markets.

By expanding into new geographical regions, we could be subject to additional risks associated with establishing and conducting operations, including:

- compliance with a wide range of local and municipal laws, regulations and practices, including uncertainties associated with changes in laws, regulations and practices and their interpretation;
- uncertainties with new local business partners including franchisees and logistics partners;
- inability to understand consumer preferences and local trends in such new regions;
- exposure to expropriation or other government actions; and
- political, economic and social instability.

Further, we may also face significant competition from other players who may already be established in such markets and may have a significant market share. We may not be able to compete with such players if we are unable to offer competitive products at better price points which appeal to consumers in such markets. By expanding into new geographical regions, we may be exposed to significant liability and could lose some or all of our investment in such regions, as a result of which our business, financial condition and results of operations could be adversely affected.

We continuously seek to increase penetration through distribution by engaging distributors targeted at different markets and geographies. We cannot assure you that we will be able to successfully identify and appoint new distributors. Further, we may not be able to enter into distribution arrangements in new geographic regions due to existing relationships of our competitors with distributors in such areas, including any exclusive arrangements that may be in place.

Further, we may not be able to continue to penetrate existing markets due to any of the reasons specified above. Any inability to enter into new geographic markets or penetrate existing markets could adversely affect our growth, future prospects, financial condition and results of operation.

**2. *Any delay or default in payment from our franchisee operated stores or distributors could adversely impact our profits and affect our cash flows.***

Our operations involve extending credit for periods of time, ranging typically from 30 to 75 days, to our franchisee operated stores and our distributors, and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. Accordingly, we may have high levels of outstanding receivables. As at June 30, 2017, March 31, 2017, March 31, 2016 and March 31, 2015, our trade receivables were ₹ 923.61 million, ₹771.68 million, ₹348.55 million and ₹240.90 million, respectively. In these periods we have written off ₹ 1.31 million, ₹ 4.20 million, ₹ 1.14 million and nil, respectively, on account of non-receipt of trade receivables and advances. If our distributors and customers delay or default in making payments in the future, our profits margins and cash flows could be adversely affected.

**3. *Our Company may not be able to obtain sufficient quantities or desired quality of finished products from outsourced vendors in a timely manner or at acceptable prices, which could adversely affect our retail business, financial condition and results of operation.***

We rely on outsourced vendors for manufacturing of finished products including accessories sold through our retail business at our exclusive retail stores. During the three month period ended June 30, 2017 and in fiscal 2017, 89.18% and 85.60%, respectively, of total products sold through our retail business were procured from outsourced vendors. Further, some of our products distributed through our distribution business is also procured from outsourced vendors. Thus, any shortfall or disruption in supply of products from our outsourced vendors, or insufficiency in the quality and consistency of the products supplied, would result in shortfall in supply, lower stock in stores and /or lower sales.

Should our supply of products be disrupted, we may not be able to procure alternate sources of supply of products, in time to meet the demands of our customers or maintain our inventory levels, or we may not be able to procure same products from other vendors of acceptable quality or on competitive terms, or at all. Such disruption in supply would materially and adversely affect our business, profitability and reputation.

**4. We rely on our franchisees with respect to our retail business and on our distributors with respect to our distribution business. Any failure to maintain relationships with such third parties could adversely affect our business, results of operations and financial condition.**

We operate our retail business substantially through franchisees, with whom we enter into contractual arrangements. As at June 30, 2017 and March 31, 2017, of our 853 and 829 exclusive retail stores, 685 and 667 exclusive retail stores, respectively, were operated by our franchisees. We cannot assure you that our franchisees will be able to fulfill their obligations under such agreements entirely, in a manner acceptable to us, or at all.

Further, agreements with our franchisees are typically for a period of three years, which are renewable at the end of the term, for additional periods at the option of our Company, on terms mutually agreed between the franchisee and our Company. Further, our franchisees have the right to terminate the relevant franchisee agreement by providing our Company a 60 days' prior written notice. We cannot assure you that we will be able to continue to renew our agreements with our franchisee partners on terms that are commercially acceptable to us, or at all. We cannot assure you that such third parties shall not breach certain terms of such agreements, including with respect to payment obligations, or shall not choose to terminate their agreements with our Company.

Further, we have also discontinued our business with several franchisees with whom we have subsisting arrangements, for varied reasons including delay in payments, inability to clear stock, among others, and have not raised an invoice/received any payments or supplied our products to them, for a period of 12 months ("**inactive stores**"). Accordingly, as at June 30, 2017 and March 31, 2017, out of our 685 and 667 franchisee operated stores, we had 155 and 156 such inactive stores, respectively, with whom we have not conducted any business for a period of 12 months. There can be no assurance that we will be able to revive such contractual relationships, or whether such franchisees will continue to do business with us in the future.

Further, during the three month period ended June 30, 2017 and the years ending March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013, our Company closed 4, 28, 27, 21, 18 and 27 exclusive retail stores, of which 4, 26, 24, 19, 18 and 27, respectively, were franchises operated stores.

We do not enter into any short or long term agreements with our distributors, and conduct our distribution business through purchase orders, received from distributors. Distributors, as independent business operators, may, from time to time, disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations, our default on their payment obligations, which may result in higher provisioning. Further, we do not have any exclusivity arrangements with our distributors. Accordingly, our distributors may deal with our competitors.

We may have to initiate litigation in respect of any breach by such third parties, and such litigation could divert the attention of our management from our operations, which could harm our business, financial condition and results of operation. We further cannot assure you that the outcome of any such litigation will be favourable to us. Any adverse experience of franchisees or distributors, or negative publicity attracted by such franchisees or distributors could adversely affect our reputation and brand and business prospects. If we are unable to establish or maintain our relationship with such third parties, our business, results of operations and financial condition may be materially and adversely affected.

**5. Our Company, our Directors and Promoters are involved in certain legal proceedings, which, if determined against us could have a material adverse effect on our financial condition, results of operations and our reputation.**

There are certain legal proceedings against our Company, its Directors and Promoters. These proceedings are pending at different levels of adjudication before various courts and tribunals. Further, one of our Directors, Siddhartha Roy Burman has a criminal case pending against him, where he was deposed as a prosecution witness in a criminal case filed under Section 346A and 320 of the Indian Penal Code, which were later retracted by him. Thereafter, the State of West Bengal had filed an application in the court of Additional District and Sessions Judge, 2nd Court, Alipore against him under Section 192 of the Indian Penal Code alleging him to be a hostile witness. Although we/ they intend to defend or appeal these proceedings, we/they may be required to devote management and financial resources to such actions.

However, we cannot assure you that these matters will be settled in favour of our Company, the relevant Directors or Promoters, respectively, or that no further liability will arise out of these claims.

The summary of material outstanding litigation in relation to criminal matters, direct tax matters, indirect tax matters and actions by regulatory/statutory authorities against our Company, its Directors and our Promoters as on the date of this Red Herring Prospectus have been set out below. Further, the summary of the outstanding matters set out below also include (i) other outstanding matters pending as on the date of this Red Herring Prospectus against our Company, its Directors and our Promoters where the amount involved exceeded ₹3.08 million; and (ii) any outstanding litigation involving our Company, Directors and Promoters where an adverse outcome may materially and adversely affect the business, operations or financial position or reputation of our Company:

<i>(₹ in million)</i>		
Type of Proceedings	Number of cases	Amount to the extent quantifiable
<b>Cases filed against our Company</b>		
Civil cases	7	Not quantifiable
Tax	24	40.66
Total	31	40.66
<b>Cases filed by our Company</b>		
Civil cases	4	Not quantifiable
Criminal cases	5	Not quantifiable
Total	9	Not quantifiable
<b>Cases filed against our Directors</b>		
Criminal cases	1	Not quantifiable
Total	1	Not quantifiable
<b>Cases filed against our Promoters</b>		
Criminal cases	1	Not quantifiable
Tax	1	0.67
Total	2	0.67

*Note: The amounts indicated above (wherever quantifiable) are approximate amounts*

For further details, please see the section entitled “*Outstanding Litigation and Material Developments*” on page 246.

An adverse outcome in the aforesaid proceedings, individually or in the aggregate, involving our Company, Directors, Promoters, and the Group Companies could have an adverse effect on our business, prospects, financial condition and results of operations. Further, any adverse outcome in this proceeding may affect the reputation and standing of our Company and may impact future business.

**6. Our cost of procurement of products from outsourced vendors or cost of manufacture of products using contract manufacturers may increase in the future. Any inability to pass on costs to consumers and distributors, may result in reduction in our margins.**

We rely on outsourced vendors for the manufacture of finished products with respect to our retail business. Further, we believe one of our key attributes is to provide affordable fashion for the entire family. The MRP of each stock keeping unit (“SKU”) and the average selling price (“ASP”) of our products is dependent on, the cost at which we procure such products from outsourced vendors.

Typically, our products sold through our exclusive retail stores are high value products, which also entail higher production costs. We may not be able to control the costs of production of our outsourced vendors, which may increase in the future, including due to increase in the cost of raw materials, cost of labour and other utilities. We may be unable to replace our existing outsourced vendors at short notice or at all, with vendors who provide more competitive pricing. Further, any substantial increase in the MRP of our products, may affect our ability to provide affordable footwear, and we cannot assure you that consumers will continue to prefer our products over the products of our competitors at such enhanced price range. Further, our inability to pass the entire cost to consumers in our retail business would result in lower margins from the retail business, which may in turn, affect our profitability and financial condition.

Further, we manufacture some of our products for the distribution business through two manufacturing units, on a contract basis. We may also be susceptible to increase in production costs for any of the reasons specified above. Any increase in production costs, may result in lower margins, and any

consequent inability to pass on such costs to our distributors effectively, may affect our profitability and financial condition.

**7. *Our inability to maintain an optimal level of inventory in our stores may impact our operations adversely.***

We estimate our sales based on the forecast, demand and requirements for the forthcoming season. In general, we monitor the sale of our products and plan the manufacture of relevant SKUs before the actual delivery of products in the stores. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our exclusive retail stores and for our distribution business.

Ensuring availability of our products requires prompt turnaround time and a high level of coordination across raw material procurement, manufacturers, outsourced vendors, distribution centres our exclusive retail stores and staff.

While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. Our forecasts are also dependent on our ability to track secondary sales with respect to our retail stores as well as distribution business, and predicting consumer preferences for our products. If we over-stock inventory, our capital requirements may increase and we may incur additional financing costs. If we under-stock inventory, our ability to meet customer demand and our operating results may be adversely affected. Additionally, if our product designs are not in sync with market demand, it could result in inventory pile up and lower off take. Further, we may be required to offer discounts to clear unsold inventory, which may adversely impact our margins.

For instance, in fiscal 2014, due to several reasons, including lack of effective internal systems to identify slow moving and dead stock, large number of SKUs to be managed, our inability to predict consumer preferences with respect to designs and styles our Company was required to write off non-moving and obsolete inventory by a reduction of share capital of our Company. For details, please see the sections entitled “*Capital Structure*”, “*History and Certain Corporate Matters*” and “*Financial Statements*” on pages 60, 125 and 160, respectively. Further, our franchisees also faced pile-up of inventory, which resulted in display of old stock in our franchisee operated retail stores. To clear such inventory, our Company had in the past, suspended further sales of products to certain franchisees, thereby impacting overall sales. This inventory mismatch resulted in a reduction of overall gross margins and profits for our Company.

There can be no assurance that we will not face similar inventory mismatch in the future. Any mismatch between our planning and actual consumer consumption could lead to potential excess inventory or out-of-stock situations, either of which could have an adverse effect on our business, financial condition and results of operation.

**8. *Failure to successfully procure raw materials or to identify new raw material suppliers could adversely affect us.***

Our distribution business depends on our ability to attract and retain high quality and cost efficient raw material suppliers. In the event we are unable to continue to procure raw materials at competitive prices, at terms acceptable to us or at all, our business will be adversely affected.

Furthermore, the success of our supplier relationships depends significantly on satisfactory performance by our suppliers and their fulfillment of their obligations. There can be no assurance that there will not be a significant disruption in the supply of raw materials currently sourced by us or, in the event of a disruption, that we would be able to locate alternative suppliers of materials or third party manufacturers of comparable quality at an acceptable price, or at all. We also procure certain PVC compound from international sources and there can be no assurance that we will be able to find suitable domestic suppliers to replace such international suppliers in the event of any import embargo or delay or default by international suppliers.

We do not have any long term contracts and we typically procure poly vinyl chloride (“**PVC**”), ethylene-vinyl acetate (“**EVA**”), rubber, polyurethanes (“**PU**”), leather, fabric and other raw materials on a purchase order basis. There can be no assurance that raw materials will be available at competitive rates

or at all, in the future. Any shortage in the production and supply of PVC, EVA, rubber, PU, leather and fabric would materially affect our production process. While we are not significantly dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are uncertainties inherent in estimating such variables, regardless of the methodologies and assumptions that we may use. Further, any significant increase in raw material costs could also result in an increase in our manufacturing costs, which we may not be able to pass on to our customers, which, in turn, may adversely impact our margins and results of operations.

Further, some of the raw materials we use for our products in the retail and distribution verticals are generated synthetically, and may be banned for use in the future, due to perceived potential environmental risks and adverse effects on human health. Any raw materials, which may be banned in the future, for environment, health, safety or public law and policy concerns, would require us to invest significant time and resources to redesign some or a significant number of our products and seek suitable alternative raw materials, which we may not be able to procure at competitive rates or at all.

**9. *If we are unable to maintain and enhance the ‘Khadim’s’ brand, the sales of our products may suffer which would have a material adverse effect on our financial condition and results of operations.***

We believe that the brand we have developed has significantly contributed to the success of our business. We also believe that maintaining and enhancing the ‘Khadim’s’ brand and sub-brands, are critical to maintaining and expanding our customer base. Maintaining and enhancing our brand and sub-brands may require us to make substantial investments in areas such as research and development, marketing and brand building activities, and these investments may not be successful. There can be no assurance that consumers will continue to be receptive to our sub-brands.

In particular, as we expand into new geographic markets, there can be no assurance that consumers in these markets will accept our brand and sub-brands. We anticipate that, as our business expands into new markets and as the market becomes increasingly competitive, maintaining and enhancing our brand and sub-brands may become increasingly difficult and expensive. Our brand and sub-brands may also be adversely affected if our public image or reputation is tarnished by any negative publicity. Maintaining and enhancing our brand and sub-brands will depend largely on our ability to anticipate, gauge and respond in a timely manner to changing fashion trends and consumer demands and preferences, and to continue to provide high quality products, which we may not do successfully. If we are unable to maintain or enhance our brand image, our results of operations may suffer and our business may be harmed.

**10. *Any inability to increase our market share in premium products may have an adverse effect on our business, financial condition, results of operations and prospects.***

We intend to premiumize our products by continually changing our product mix, to offer premium products through our sub-brands, ‘Pro’, ‘Lazard’, ‘Softouch’, ‘Cleo’, ‘British Walker’, ‘Turk’, ‘Sharon’, ‘Bonito’ and ‘Adrianna’, with respect to our retail business, and ‘Waves’ and ‘Wash ‘n’ Wear’, with respect to our distribution business, which target specific segments and cater to either men, women or children, across age groups. Typically, our premium products have higher ASP. Given the aspirational nature of our customer base, we have increased our focus on our sub-brands which we believe will continue to grow as a proportion of retail sales to drive our premiumisation strategy. However, there can be no assurance that we will be able to increase our consumer base, with respect to our premium products. Further, there can be no assurance that our target consumer base will not prefer our competitor’s products over ours.

Any inability to increase sales of our premium products, may adversely affect our ASP, thereby adversely affecting our business, financial condition, results of operations and prospects.

**11. *Our results of operations may be materially adversely affected by our failure to anticipate and respond to changes in fashion trends and consumer preferences in a timely manner.***

Our markets for products are characterised by rapidly changing consumer preferences and new product introductions. Our results of operations are dependent on our ability to anticipate such changes in

consumer preferences and design new products or modify our existing products in line with changes in fashion trends as well as consumer demands and preferences. If we are unable to anticipate consumer preferences or fashion trends, or if we are unable to adapt to such changes by modifying our existing products or launch new products on a timely basis, we may lose customers, our inventory would become obsolete and we may be subject to pricing pressure to clean up our inventory. A decline in demand for our products or a misjudgement on our part could, among other things, lead to lower sales, excess inventories and higher markdowns, each of which could have a material adverse effect on our brand, reputation, results of operations and financial condition.

**12. *We depend on third parties for a major portion of our transportation needs. Any disruptions may adversely affect our operations, profitability, reputation and market position.***

We do not have an in-house transportation facility and we rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of products and raw material, as the case may be, from our vendors and suppliers and for transportation of our finished products from our distribution centres to our exclusive retail stores. For this purpose, we hire services of transportation companies. Additionally, availability of transportation solutions in the markets we operate in is typically fragmented. While we enter into written documentation in relation to the transportation services we hire, we could be faced with transportation risks due to any loss or pilferage, which we may not be able to recover from our insurance coverage. Further, the cost of our goods carried by such third party transporters is typically much higher than the consideration paid for transportation, due to which it may be difficult for us to recover compensation for damaged, delayed or lost goods.

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

Although we have experienced few disruptions in the past on account of state wide transportation strikes, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may be cost inefficient, thereby adversely affecting our operations, profitability, reputation and market position.

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

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

We compete directly against wholesalers and direct retailers of other footwear companies with substantial market share, established companies selling internationally renowned footwear brands, as well as against domestic retailers, regional competitors and local unorganised players. Many of our competitors are large footwear companies with a strong brand recognition. We compete primarily on the basis of price range, product range, brand image, style, performance and quality. We believe that in order to compete effectively, we must continue to maintain our brand image and reputation, be flexible and innovative in responding to rapidly changing market demands, fashion trends, and consumer preferences, and offer consumers a wide variety of high quality fashionable footwear at affordable prices. Further, foreign investment in the retail business has recently been liberalized, and we could be adversely affected by new entrants or foreign investment in existing competitors, which would enhance their economic condition.

Our competitors may have significant competitive advantages, including but not limited to, longer operating histories, larger and broader customer bases, more established relationships with a broader set of suppliers, greater brand recognition and greater financial, research and development, marketing, distribution and other resources than we do. The number of our direct competitors and the intensity of competition may increase as we expand into other product lines or as other companies expand into our product lines. Our competitors may enter into business combinations or alliances that strengthen their

competitive positions or prevent us from taking advantage of such combinations or alliances. Our competitors also may be able to respond more quickly and effectively than we can, to new or changing opportunities, standards or consumer preferences, which could result in a decline in our revenues and market share. In addition, our competitors may significantly increase their advertising and brand building activities 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 may have an adverse effect on our business, results of operations and financial condition.

Further, we also compete with online retailing business, which is highly competitive with companies selling a wide variety of products at different price points and they may be able to provide higher discounts to customers owing to lower infrastructure and personnel costs. In the event we are required to compete with e-retailers, specifically with respect to pricing, our margins from sale of our products may be adversely affected. Furthermore, our sales from our e-retailing division are technology driven and any breakdown in our technical systems could adversely affect our revenues and profitability.

In light of the above, there can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

**14. *Any decline in the growth of our distribution business and our inability to sustain our growth may adversely affect our future prospects, financial condition and results of operations.***

Our distribution business has grown at a CAGR of 42.04% from fiscal 2015 to fiscal 2017. Revenues from our distribution business constituted 27.12% and 21.68% of our net revenue from operations in the three month period ended June 30, 2017 and fiscal 2017, respectively. We have been tracking our distribution business as a separate business vertical since fiscal 2015 and have invested in this business by creating a dedicated team for this business vertical.

Our distributors procure products from us on a purchase order basis and we do not have any long term arrangements with them. There can be no assurance that our distributors will continue to procure products from us in terms of volume and value or at all, in the absence of any contractual arrangements. Our competitors may offer better rates, discounts and incentives for products similar to ours, and we may not be able to compete at such price ranges. The above factors may adversely affect our future prospects, financial condition and results of operations.

Further, any adverse experience of distributors, or negative publicity attracted by such distributors could adversely affect our reputation, brand and business prospects.

**15. *Our business is relatively concentrated in East India and may be affected by various factors associated with East India and may affect our business, financial condition and results of operations.***

Although our geographical footprint has reached 23 states and one union territory, our exclusive retail stores has historically been concentrated in East India. As at June 30, 2017 and March 31, 2017, 66.59% and 67.19%, respectively, of our exclusive retail stores catered to East India. This concentration of our business in East India subjects us to various risks, including but not limited to:

- regional slowdown in economic activities and consumer spend in East India;
- vulnerability to change of policies, laws and regulations or the political and economic environment of East India;
- constraint on our ability to diversify across states; and
- perception by our potential consumers that we are a regional footwear company.

While we strive to diversify across states and reduce our concentration risk, there is no guarantee that the above factors associated with East India will not continue to have a significant impact on our business. If we are not able to mitigate this concentration risk, we may not be able to develop our business as planned, and our business, financial condition and results of operations could be materially and adversely affected.

- 16. *Our success largely depends upon the knowledge and experience of our Promoters and our Key Management Personnel as well as our ability to attract and retain skilled personnel. Any loss of our Key Management Personnel or our ability to attract and retain them and other skilled personnel could adversely affect our business, operations and financial condition.***

Our Company depends on the management skills and guidance of our Promoters 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 Management Personnel. Our future performance will depend largely on our ability to retain the continued service of our management team. If one or more of our Key Management Personnel are unable or unwilling to continue in his or 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 branded footwear 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 and other footwear brands will not offer better compensation packages and incentives to such skilled personnel. Further, as on the date of this Red Herring Prospectus, our Company does not have key man insurance policies and in the event we are not able to attract and retain talented employees, as required for conducting our business, or if 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, please see the section entitled “*Our Management*” on page 133.

- 17. *We may incur significant advertising and marketing costs to promote our brand and sub-brands in the future.***

We believe that our future success will be partially influenced by further development of our brand and sub-brands our ability to communicate effectively about our products to various target consumers through consistent and focused marketing and advertising initiatives. Insufficient investments in marketing and brand building could also erode or impede the development of our brand. Accordingly, we may be required to invest significant resources towards marketing and brand building exercises, specifically with respect to new geographic markets where we intend to penetrate. Further, we cannot assure you that our marketing and advertising ventures will be successful and achieve their objectives or we may not be required to make further investments than anticipated. This could have an adverse affect on our prospects and growth.

- 18. *We have significant working capital expenses. If we experience insufficient cash flows to enable us to fund working capital requirements or to service our working capital loans, there may be an adverse effect on our business, financial condition, results of operations and prospects.***

Our business requires a high amount of working capital, primarily on account of maintaining inventory levels for our retail and distribution verticals. As a result, our working capital requirements have also increased significantly in recent years, due to the general growth in our retail and distribution business.

In the past we have experienced significant delays in payment by our franchisees and distributors. If a significant number of distributors or franchisees default on or delays payment on any order which we have delivered, it may affect our profitability and liquidity and decrease capital resources available to us for other uses, including our obligations under the credit facilities granted to us by our lenders. This could affect our ability to make payments to our raw material suppliers, delay in launch of products due to inability to maintain adequate inventory to meet customer demand, which may further result in reduced availability of raw materials and/or increased raw material costs. If we are unable to finance our working capital needs or to secure other financing, when needed, on acceptable commercial terms, it may adversely affect our business, financial condition, results of operations and prospects.

- 19. *We are also involved in the export of our products and institutional sales of our products. Our inability to sustain these businesses may affect our business and results and operations.***

In the three month period ended June 30, 2017 and in fiscal 2017, our revenue from exports accounted for 0.43% and 0.33%, respectively, of our revenue from operations. Our ability to continue to generate

revenue and increase demand for our products outside of India significantly depends on our international customers. Changes in relationships with such international customers, non-adherence to product standards or other contractual breaches or irregularities may adversely affect our business. We cannot assure you that we will be able to retain or attract international customers who have the business abilities or financial resources necessary to develop and operate their businesses on schedule, or who will conduct operations in a manner consistent with our standards and requirements.

Further, we are also involved in the sale of our products directly to certain institutions. In the three month period ended June 30, 2017 and in fiscal 2017, 0.17% and 2.72% of our revenue from operations was attributed to our institutional business. Such institutional business is based on tenders announced by government departments and agencies, and is subject to the changing policy of the government in this regard. Any inability to sustain such businesses, including due to reduced demand or change in public policy, may adversely affect our profitability, business and results of operations.

**20. *Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, sales and ability to meet demand.***

Our business involves manufacturing processes that can be dangerous to our employees, specifically with respect to the raw materials in use. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, there is a risk that an accident may occur in our facilities. An accident may result in casualty, injury, destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities and/or criminal proceedings and investigation. The outcome of such proceedings which is difficult to assess or quantify, and the cost to defend such proceedings may be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or arising out of any related litigation, and any negative publicity associated therewith, may have a negative effect on our business, reputation, financial condition and results of operations.

In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labour dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet demands of our distributors or meet inventory schedules for our products.

Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, reputation, financial condition and results of operations.

**21. *We may be subject to claims with respect to our intellectual property and our efforts to protect our intellectual property may not be sufficient.***

Currently, we have registered trademarks over our brand and our nine sub-brands, under the Trade Marks Act, 1999, in India. Further, we also have certain registered certain other trademarks, copyrights and designs with respect to our products. However, competitors or other companies may challenge the validity or scope of our intellectual property. We also rely on a combination of confidentiality provisions to establish and protect our proprietary rights, including with respect to the use of our brand and sub-brands by our franchisees. This may not provide adequate protection for our intellectual property, particularly, with respect to our name and logo.

We may be required to spend significant resources to monitor and police our intellectual property rights. Effective policing of the unauthorized use of our products or intellectual property is difficult and litigation may be necessary in the future to enforce our intellectual property rights. Intellectual property litigation is not only expensive, but time-consuming, regardless of the merits of any claim, and could divert attention of our management from operating our business and harm our reputation. Despite our efforts, we may not be able to detect infringement and may lose competitive position in the market. Intellectual property rights may also be unavailable, unenforceable or limited, which could make it easier for competitors to capture market share.

In addition, we may not be able to prevent third parties from infringing our trademarks as imitation products being sold under our brand and sub-brands. If inferior quality products are sold by infringing our trademarks, then our brand name and reputation could be adversely affected. Further, we may not be successful in preventing those who have obtained our proprietary information through employment by us or by our manufacturing partners from using our processes to produce competing products or leaking our proprietary information.

For details in relation to litigation with respect to our intellectual property, please see the section entitled “*Outstanding Litigation and Material Developments*” on page 246.

**22. *The land and premises for our Registered and Corporate Office, several of our COOs, manufacturing facilities and distribution centres, are held by us on lease or leave and license or tenancy agreements which subject us to certain risks.***

Our Registered and Corporate Office and several of our COOs, manufacturing facilities and distribution centres are on premises that have been leased by us from third parties through lease or leave and license or tenancy arrangements. Upon expiration of the relevant agreement for each such premise, we will be required to negotiate the terms and conditions on which the lease agreement may be renewed. One of our lease deeds has expired and we are in the process of renewing such lease or finding alternative options. We cannot assure you that we will be able to renew these agreements on commercially reasonable terms in a timely manner, or at all. Further, our Group Companies use our Registered and Corporate Office as their respective registered offices, however, we do not have any formal arrangements for such use.

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

Further, some of our lease deeds for our properties may not be registered and further some of our lease deeds may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. Further, we may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of.

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

**23. *We are exposed to foreign currency exchange rate fluctuations, which may harm our results of operations and cause our quarterly results to fluctuate.***

Our financial statements are presented in Indian Rupees. However, our revenues and operating expenses and finance charges are influenced by the currencies of those countries where we sell our products and import of raw materials. The exchange rate between the Indian Rupee and foreign currencies, primarily the U.S. dollar, has fluctuated in the past and our results of operations may be impacted by such fluctuations.

While we seek to hedge our foreign currency exchange risk by entering into forward exchange contracts, any amounts that we spend or invest in order to hedge the risks to our business due to fluctuations in currencies may not adequately hedge against any losses that we may incur due to such fluctuations.

**24. *We may not be able to implement our business strategies or sustain and manage our growth, which may adversely affect our business, results of operations, financial condition and cash flows.***

As part of our business strategy, we are committed to continuing to diversify our product offerings, customer base and geographic footprint. Our growth requires us to continuously invest in our operations, evolve and improve our operational, financial and internal controls and administrative infrastructure. In particular, this significantly increases the challenges involved in:

- maintaining high levels of customer satisfaction;
- acquiring new customers and increasing/maintaining contribution from existing customers;
- maintaining the quality and precision level of our products;
- preserving a uniform work culture and environment and improving operational synergies;
- arranging for adequate financial resources (whether in the form of debt or equity or a combination thereof) for planned improvements;
- obtaining required lender consents;
- managing our relations with our employees and labour force and successfully resolving any disputes that may arise from time to time; and
- recruiting, training and retaining sufficient skilled technical, marketing and management personnel.

For instance, we had been engaged in the gold and large format retail business in the past, which did not succeed as we had envisaged. For details, please see the section entitled “*Our Business*” on page 104.

An inability to manage our growth and implement our business strategies, including as a result of a failure to adequately respond to any such challenges, risks or uncertainties, may disrupt our business, results of operations, financial condition and cash flows.

**25. *We may face product liability claims and legal proceedings if the quality of our products does not meet our customers' expectations, in which case our sales and operating earnings, and ultimately our reputation, could be negatively impacted.***

Our products may contain quality issues or undetected errors or defects, especially when first introduced or when new SKUs are developed, resulting from the design or manufacture of the product or raw materials used in the product. Additionally, a large portion of products sold through our retail business are manufactured by third party contract manufacturers. While we test for quality on a sample basis, we cannot assure you that all products would meet our quality standards. Such quality issues can expose us to product liability claims or require us to replace such products, in the event that our products fail to meet the required quality standards, or are alleged to cause harm to customers.

Further, we also provide warranty for three months primarily for manufacturing defects. We have, from time to time, replaced or repaired such products. However, we face the risk of legal proceedings and product liability claims being brought against us by various entities including consumers and distributors for various reasons including 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 in excess of our available insurance coverage, which may adversely effect our reputation, business and financial condition.

**26. *Our business is manpower intensive and a high proportion of our total staff comprises of employees on contract. Our business may be adversely affected if we are unable to obtain employees on contract or at commercially attractive costs.***

Our success depends on our ability to attract, hire, train and retain skilled sales personnel. In the retail industry, the level and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations.

Our business is manpower intensive and our continued growth depends in part on our ability to recruit and retain suitable staff. As we expand our network, we will need experienced manpower that has knowledge of the local market and the retail industry to operate our stores. Typically, the retail industry suffers from high attrition rates especially at the store level. There can be no assurance that attrition rates

for our employees, particularly our sales personnel, will not increase. Further, an increase in costs to retain such employees could also adversely affect our financial condition.

A significant increase in our employee attrition rate could also result in decreased operational efficiencies and productivity, loss of market knowledge and customer relationships, and an increase in recruitment and training costs, thereby materially and adversely affecting our business, results of operations and financial condition. We cannot assure you that we will be able to find or hire personnel with the necessary experience or expertise to operate our retail stores in our existing markets or new markets that we are entering into. In the event that we are unable to hire people with the necessary knowledge or the necessary expertise, our business may be severely disrupted, financial condition and results of operations may be adversely affected.

Furthermore, a high proportion of our total staff, including our sales personnel, typically comprised of employees on contract. While we believe that such a high proportion of employees on contract gives us the necessary flexibility and helps us run our business in an efficient and cost-effective manner, it also makes us more susceptible to sudden shortages and lack of skilled personnel while competing for them with our competitors in the market we operate.

Additionally, we have seen an increasing trend in manpower costs in India, which has had a direct impact on our employee costs and consequently, on our margins. We may need to increase compensation and other benefits in order to attract and retain key personnel in the future and that may materially affect our costs and profitability. We cannot assure you that as we continue to grow our business in the future, our employee costs coupled with operating expenses will not significantly increase.

**27. *Our Company has in the past entered into related party transactions and may continue to do so in the future.***

We have entered into and may in the course of our business continue to enter into transactions specified in the Restated Financial Statements contained in this Red Herring Prospectus with related parties that include our Promoters, Directors and Group Companies. Further, there are certain leases entered into with certain members of the Promoters and Promoter Group. For further details in relation to our related party transactions, please see the section entitled “*Related Party Transactions*” on page 159. While we believe that all such transactions have been conducted on an arm’s length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favourable terms. Furthermore, it is likely that we may enter into related party transactions in the future.

There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition and results of operations.

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

We are subject to environmental, health and safety regulations, specifically with respect to our manufacturing facilities. The Government of India (the “**GoI**”) may implement measures towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will be at all times in full compliance with these regulatory requirements. For example, these regulations may require us to purchase and install expensive pollution control equipment or make changes to our existing operations to limit any adverse impact or potential adverse impact on the environment or the health and safety of our workforce, and any violation of these regulations, whether or not accidental, may result in substantial fines, criminal sanctions, revocations of operating permits or other penalties.

Due to the possibility of unanticipated regulatory developments, the amount and timing of future expenditures to comply with regulatory requirements may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental, health and safety regulations we are subject to, we may need to incur substantial capital expenditures to comply with such new regulations. Our costs of complying with current and future environmental, health and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

For details with respect to material approvals of our Company, including approvals pending renewal and that have not been applied for, please see the section entitled “*Government Approvals*” on page 252.

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

We require a number of approvals, licenses, registrations and permissions for operating our current and future businesses for which we may have either made or are in the process of making an application or renewal for obtaining necessary approvals. For instance, we are required to obtain registration under respective state specific shops and establishments legislation and applicable trade licenses, for our stores. Further, our manufacturing facilities are required to obtain several approvals and licenses, with respect to operation and maintenance of such facilities, including but not limited to, factories license, contract labour registrations and consents to operate from the relevant pollution control board.

In addition, we may need to apply for additional approvals including the renewal of approvals which may expire from time to time, in the ordinary course of business. For details of such approvals, including the approvals/registrations that we have applied for or pending renewal or not applied for please see section entitled “*Government Approvals*” on page 252. In the event that we fail to obtain any such approvals or licenses, or renewals thereof, in a timely manner, or at all, our business could be adversely affected. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure and adhere to periodic reporting or testing and other compliances. We cannot assure you that the approvals, licenses, registrations or permits issued to us may not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any failure to comply with existing regulations, or any change in existing regulations and compliance requirements, could subject us to penal actions including termination of our business and monetary fines and/or increase our compliance costs and in turn, adversely affect our business or results of operations.

- 30. *Our business relies on the performance of our information technology systems and any interruption or failure to migrate to more advanced systems in the future may have an adverse impact on our business operations and profitability.***

We use information technology systems to monitor all aspects of our business and rely significantly on such systems for the efficient operations and the security of our information. Our business uses the information technology systems for, among other things, the monitoring of inventory levels, the allocation of merchandise to our retail stores, employee productivity measuring and budget planning and information security. Our information technology systems may not always operate without interruption and may encounter temporary abnormality or become obsolete. Further, we cannot assure you that the level of security we presently maintain is adequate or that our systems can withstand intrusions from or prevent improper usage by third parties.

We may not always be successful in installing, running and migrating to new software or systems as required for the development of our business, effectively and efficiently. Even if we are successful in this regard, significant capital expenditure may be required, and we may not be able to benefit from the investment immediately. All of these may have a material adverse impact on our results of operations and profitability.

In addition, we cannot guarantee that the level of information security it presently maintains is adequate or that its systems can withstand intrusions from or prevent improper usage by third parties. Our failure to continue its operations without interruption due to any of these reasons may adversely affect our business, financial condition and results of operations.

- 31. *Some of our loan agreements contain restrictive covenants. Inability to effectively service our borrowings, comply with or obtain waivers of applicable loan covenants, as the case may be, may adversely affect our business, results of operations and financial conditions.***

We are subject to usual and customary restrictive covenants in agreements that we have executed with banks for short term loan and long term borrowings. The restrictive covenants require us to seek prior intimation or consent from the lender banks for various activities, including amongst others to, effect any change in the capital structure, alter the constitutional documents or change the shareholding pattern of the Company or our Promoters, change in the management of our Company or pre-paying outstanding loans. In the event we do not obtain consents for any such activities in the future, and are consequently rendered in breach of such financing arrangements, we may breach our lending arrangements, which may result in acceleration of our repayment obligations by our lenders, thereby adversely affecting our cash flows.

Further, under some of the credit facilities availed by our Company, the lenders are entitled to revoke the facility, at any stage, without providing any notice or reasons, demand the repayment of the loan anytime and modify the credit limit without any reason. Under some of the credit facilities availed by us, our lenders are entitled to terminate the credit facility in the event of any default committed by us under other loan facilities. In case we default in repayment of any of our outstanding borrowings, we may not be able to declare or issue dividend, without the approval of our lenders. The banks may change the applicable banking policies or increase the interest rates or levy penal interest for non-compliances, if any. Inability to effectively service our borrowings, comply with or obtain waivers of applicable loan covenants, as the case may be, may adversely affect our business, results of operations and financial conditions. For further details, please see the section entitled “*Financial Indebtedness*” on page 220.

**32. *In addition to our existing indebtedness for our existing operations, we may require 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 August 31, 2017 our Company’s total indebtedness is ₹ 1,491.55 million. In addition to the indebtedness for our existing operations, we may require further indebtedness during the course of business. There can be no guarantee that we will be able to obtain the new facilities at favourable terms or at all. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to further borrow at competitive rates. Also 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 for our working capital requirements, in which case there may be delays in arranging the additional working capital requirements which may lead to an adverse effect on the cash flows.

Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements which may be entered into with our lenders could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties, enforcement of security and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For details please see the section entitled “*Financial Indebtedness*” on page 220.

**33. *Our Company has had negative cash flows from investing and financing activities in the past and a consequent net decrease in cash and cash equivalents in some of the recent years.***

As per our Restated Financial Statements, our cash flows from investing and financing activities were negative in the certain periods as set out below:

Particulars	Three month period ended June 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013	(in ₹million)
Net cash from / (used in) operating activities	190.49	309.06	498.60	44.72	381.01	301.93	
Net cash from / (used in) investing activities	(116.20)	(187.80)	(112.06)	108.74	(279.61)	(264.21)	
Net cash from / (used in) financing activities	271.71	(186.49)	(336.42)	(130.66)	(107.80)	(51.77)	
Net increase/ (decrease) in cash and cash equivalents	346.00	(65.23)	50.12	22.80	(6.40)	(14.05)	

Such negative cash flows led to a net decrease in cash and cash equivalents for respective years. Any negative cash flow in future could adversely affect our operations and financial conditions and the trading price of our Equity Shares. For further details, please see the section entitled “*Financial Statements*” beginning on page 160.

**34. *Our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees.***

As at June 30, 2017 and March 31, 2017, we had 820 and 791 full-time employees on our rolls and 1,607 and 1,486 full-time personnel, on a contract basis, respectively. Although we have not experienced any major disruptions to our business operations due to any labour disputes or other problems with our work force in the past, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business, reputation and results of operations and may also divert the management's attention and result in increased costs. India has stringent labour legislations that protect the interests of workers, including legislations that set forth detailed procedures for the establishment of trade unions, dispute resolution and employee removal and legislations that impose certain financial obligations on employers upon retrenchment. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, demand for increase in wages, work stoppages, which may lead to diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Further, the minimum wage laws in India may be amended leading to upward revisions in the minimum wages payable in one or more states in which we currently operate or are planning to expand to. Shortage of skilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations.

**35. *Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage.***

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our manufacturing stores and distribution centres or in the regions/areas where our stores and distribution centres are located. Although we maintain insurance coverage in relation to property, stock and money for our stores, transit insurance, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. We may face losses in the absence of insurance and even in cases in which any such loss may be insured, we may not be able to recover the entire claim from insurance companies. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us.

While we believe that we have obtained insurance against losses which are most likely to occur in our line of business, there may be certain losses which may not be covered by the Company, which we have not ascertained as at date. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. For more details on the insurance policies availed by us, please see the section entitled “*Our Business - Insurance*” on page 121.

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

Our business and the industry we operate in are vulnerable to the problem of shoplifting by customers, pilferage by employee, damage, obsolescence and error in documents and transactions that go unnoticed. An increase in product shrinkage levels at our existing and future retail stores or our distribution centres may force us to install additional security and surveillance equipment, which will increase our operational costs and may have an adverse impact on our profitability. Further, we cannot assure you whether these measures will successfully prevent such losses. Furthermore, there are inherent risks in

cash management including, theft and robbery, employee fraud and the risks involved in transferring cash from our retail stores to banks.

Additionally, in case of losses due to theft, fire, breakage or damage caused by other casualties, there can be no assurance that we will be able to recover from our insurer 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.

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we are not permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, please see the section entitled “*Dividend Policy*” on page 158.

**38. *Our contingent liabilities that have not been provided for could adversely affect our business, cash flows, financial condition and results of operations.***

We may have substantial contingent liabilities from time to time. As at June 30, 2017, the following contingent liabilities were not provided for in our Restated Financial Statements:

Particulars	(₹ in million)
<b>Claims not acknowledged as debt:</b>	
Sales tax matters under dispute	11.30
Income tax matters under dispute	1.11
Service tax matters under dispute	0.15
Excise duty matters under dispute	0.19
<b>Total</b>	<b>12.75</b>

The aggregate contingent liabilities (to the extent ascertainable) were ₹ 12.75 million as compared to a net worth of ₹ 1,922.62 million, as at June 30, 2017.

If any of these contingent liabilities materialize, we may have to fulfil our payment obligations, which may have an adverse impact on financial conditions. For further details, please see the section entitled “*Financial Statements*” on page 160.

**39. *Our Statutory Auditors have included matters of emphasis and comments on some of the matters included in the Companies (Auditor's Report) Order, 2016 (“CARO”) in relation to our Company in the Restated Financial Statements.***

Our Statutory Auditors have included matter of emphasis in relation to our Company in the Restated Financial Information in relation to the scheme of arrangement for reduction in share capital of our Company and the Settlement Order with respect to our Company, for Fiscal 2014 and Fiscal 2013, respectively, and comments on certain matters as per CARO. For details, please see the section entitled “*Management’s Discussion and Analysis on the Financial Conditions and Results of Operations - Matter of emphasis in our Restated Financial Statements and actions taken by management*” on page 241.

There can be no assurance that any similar matters of emphasis, qualification or reservations will not form part of financial statements of our Company for the future fiscal periods, which could subject us to

penalties and additional liabilities due to which our reputation and financial condition may be adversely affected.

**40. *Conflicts of interest may arise between our Company and certain of our Promoter Group entities, in the future.***

Our Promoters may undertake the same business as our Company through other entities in the future. Conflicts of interests may arise in the Promoters' allocating or addressing business opportunities and strategies among our Company and other Promoter Group entities, in circumstances where our respective interests are similar. Any such future conflicts could have a material adverse effect on our business, reputation, financial condition and results of operations.

**41. *Our Promoters will retain majority shareholding in our Company following the Offer, which will allow them to exercise significant influence over us and may cause us to take actions that are not in the best interest of our other shareholders.***

After the completion of the Offer, our Promoters will collectively hold a majority of our Company's issued and outstanding Equity Shares. So long as our Promoters own a significant portion of our Equity Shares, they will be able to significantly influence the election of our Directors and control most matters affecting our Company, including our business strategies and policies, decisions with respect to mergers, business combinations, acquisitions or dispositions of assets, dividend policies, capital structure and financing, and may also delay or prevent a change of management or control, even if such a transaction may be beneficial to other shareholders of our Company. The interests of our Promoters, as the controlling shareholders of our Company, may also conflict with our interests or the interests of our Company's other shareholders. As a result, our Promoters may take actions that conflict with our interests or the interests of other shareholders of our Company.

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

Our Promoters are interested in us to the extent of any transactions entered into or their shareholding and dividend entitlement in us. Our Directors (other than our nominee Directors) are also interested to the extent of remuneration paid to them for services rendered as our Directors and reimbursement of expenses payable to them. Our Directors may also be interested to the extent of any transaction entered into by us with any other company or firm in which they are directors or partners or in their individual capacity. Furthermore, two of our employees, Rittick Roy Burman and Ritoban Roy Burman, are sons of our individual Promoter. For further details, please see the sections entitled, "*Our Promoters and Promoter Group*", "*Our Management*" and "*Related Party Transactions*" on pages 149, 133 and 159, respectively.

**43. *Our management will have broad discretion in how we apply the Net Proceeds in the interim period, and there is no assurance that the objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution.***

Our Company intends to use the Net Proceeds for the purposes described in the section entitled "*Objects of the Offer*" on page 77. The funding plans are in accordance with our own estimates and have not been appraised by any bank, financial institution or any other external agency and are not subject to any monitoring by any independent agency. Our Company may have to revise its management 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 and consequently its requirements may change.

Our Company intends to use approximately ₹ 400 million of the Net Proceeds to repay or prepay, in full or part, certain loans availed by us. The details of the loans identified to be repaid using the Net Proceeds have been disclosed in the section entitled "*Objects of the Offer*" on page 77. Such part of the Net Proceeds will not result in creation of any tangible assets as they are proposed to be utilized for repayment of certain loans and working capital facilities availed by us.

Our Board will have flexibility in temporarily investing the Net Proceeds of the Offer, as disclosed in the section entitled “*Objects of the Offer – Interim use of Net Proceeds*” on page 81. Accordingly, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

**44. *Any variation in the utilisation of the Net Proceeds as disclosed in this Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.***

We propose to utilize the Net Proceeds to repay or prepay a portion of term loans availed by our Company. For further details of the proposed objects of the Offer, please see the section entitled “*Objects of the Offer*” on page 77. At this juncture, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds as will be disclosed in this Red Herring Prospectus without obtaining the Shareholders’ approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the Shareholders’ approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders’ approval may adversely affect our business or operations.

Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the Shareholders who do not agree with our proposal to modify the objects of the Offer, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters or controlling shareholders to provide an exit opportunity to such dissenting shareholders may deter the Promoters or controlling shareholders from agreeing to the variation of the proposed utilisation of the Net Proceeds, even if such variation is in the interest of our Company. Further, we cannot assure you that the Promoters or the controlling shareholders of our Company will have adequate resources at their disposal at all times to enable them to provide an exit opportunity.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company. This may restrict our Company’s ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Offer Proceeds, if any, which may adversely affect our business and results of operations.

**45. *Certain documents filed by us with the RoC and certain corporate records and other documents, are not traceable in our records and some of our corporate records have discrepancies. While we have conducted RoC searches for the unavailability of such forms and other records, we cannot assure you that such forms or records will be available at all or any time in the future. Further, we have relied on affidavits for certain of our Directors and Key Management Personnel for their information.***

We are unable to trace copies of certain forms filed by us with the RoC and certain other corporate records, including resolutions by our Board and/or Shareholders, as applicable, and corporate registers. These include Forms 2 filed by us with the RoC with respect to allotments made by our Company, board and shareholders’ resolutions, as applicable for such periods, updated register of share transfers and members and gift deeds for transfer by way of gift of shares. Further, some of our corporate records, specifically our register of transfers and members, have discrepancies.

We have therefore relied upon management representation, for certain details with respect to the build-up of the equity share capital of the Company and the build up of the equity share capital of the Promoter Selling Shareholder. We have relied on documents including registers of maintained by our Company, annual returns of our Company, demat account statements of relevant shareholders, annual reports, audited financials, confirmations from the registrar and certificates issued by independent chartered accountant in relation to the build-up of the equity share capital of our Company and build-up of the Promoters’ shareholding, as disclosed in the section entitled “*Capital Structure*” on page 60.

Further, we have also relied on affidavits for past experience and employment of certain of our Directors and Key Management Personnel.

Further, in relation to unavailability of forms in our as well as the records of RoC, while we have

conducted RoC searches, we have not found such corporate records with the RoC. We cannot assure you that we will not be subject to any penalty imposed by the regulatory authorities in this respect.

**46. *The market price of our Company's Equity Shares may be adversely affected by additional issuances of equity or equity linked securities by our Company including pursuant to the ESOP 2017 or by sale of Equity Shares by a significant shareholder.***

Our Company may finance its growth plans through additional equity offerings. Any future issuance of equity or equity-linked securities by our Company may dilute the shareholding of investors in its Equity Shares and could adversely affect the market price of its Equity Shares. As of the date of this Red Herring Prospectus, except for issuance of Equity Shares pursuant to exercise of options granted under ESOP 2017, our Company has no future plans in respect of issuance of equity shares and equity linked shares except to the extent disclosed in the section entitled “*Capital Structure*” on page 60.

Our Board and shareholders have approved the ESOP 2017 in compliance with the SBEB Regulations under which options have been granted. For further details, please see the section entitled “*Capital Structure – ESOP 2017*” on page 71. Although the pre-Issue shareholding of the shareholders is subject to lock-in as per applicable provisions of the SEBI Regulations, sale of a large number of Equity Shares by any significant shareholder of our Company after the expiry of the lock-in periods could adversely affect the market price of the Equity Shares. In addition, any perception by investors that such issuances or sale might occur could also affect the trading price of the Equity Shares.

**47. *We invest in unsecured debt instruments, from time to time, which may carry interest rate lower than the market rate.***

We invest in interest/ dividend bearing liquid debt instruments including investments in debt mutual funds and other financial products, such as principal protected funds, listed debt instruments, rated debentures or deposits with banks/ other entities from time to time. Our unsecured investments may carry interest rate which could be lower than the prevailing market rates. Market interest rates in India fluctuate on a regular basis. Consequently, our investments may continue to carry interest rate lower than the market rate in the future.

**48. *One of our Group Companies Khadim Development Company Private Limited, has unsecured loans that may be recalled by the lenders at any time.***

One of our Group Companies, Khadim Development Company Private Limited, had outstanding unsecured loans of ₹ 33 million as at March 31, 2017, which may be recalled by their lenders at any time. In the event that the lenders seeks a repayment of any such loans, our Group Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all.

**49. *Khadim Development Company Private Limited, Khadim Financial Services Private Limited and Moviewallah Communications Private Limited, our Group Companies, have incurred losses in the preceding financial years, based on its last audited financial statements available.***

Khadim Development Company Private Limited, Khadim Financial Services Private Limited and Moviewallah Communications Private Limited, our Group Companies, have incurred losses in the preceding financial year, based on its last audited financial statements available. For further details, please see the section entitled “*Our Group Companies*” on page 153. We cannot assure you that our Group Companies will not incur losses in the future.

**50. *Our Company will be required to prepare financial statements under Ind AS in the future. Further, the preparation, requirement and presentation format of financial statements of our Company for subsequent periods will not be in the same manner and same format as being prepared and presented for this Red Herring Prospectus.***

India has decided to adopt the “Convergence of its existing standards with IFRS” and not IFRS. These “IFRS based/ synchronized Accounting Standards ” are referred to in India as Ind AS. We are required to prepare our financial statements in accordance with Ind AS in the future. Given that Ind AS is different in

many aspects from the existing Indian GAAP, our financial statements prepared under Ind AS for our future periods may not be comparable to our historical financial statements prepared under Indian GAAP.

The adoption of Ind AS has impacted and may continue to impact our reported results of operations or financial condition going forward. For instance, accounting policies including relating to employee benefits operating lease rentals, investments, borrowings and deferred taxes, in terms of Ind AS are different from the accounting policies for these items under Indian GAAP. There can be no assurance that the adoption of Ind AS will not affect our reported results of operations and financial condition.

Further, any failure to successfully adopt Ind AS may have an adverse effect on the trading price of the Equity Shares and/or may lead to regulatory action and/or other legal consequences. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. Any of these factors relating to the use of Ind AS may adversely affect our financial condition and results of operations.

Except for a statement of reconciliation of total comprehensive income under IND AS and net profit after tax and total equity from Indian GAAP to IND AS, we have not provided a reconciliation of line items in our financial statements prepared under Indian GAAP with Ind AS. For a summary of the significant differences between Indian GAAP and Ind AS, see the section entitled “*Summary of Significant Differences between Indian GAAP and Ind AS*” and “*Statement of Reconciliation between IND AS and Indian GAAP*” on pages 243 and 219, respectively.

Further, our Company may be required to prepare and maintain separate books of accounts for wholesale business as well as retail business as defined in the FDI Policy, which is required to be duly audited by the statutory auditors, in terms of the extant FDI Policy, if it obtains foreign direct investment.

Therefore, the preparation and presentation of our financial statements post-listing may be not be comparable with, or may be substantially different from, the manner in which the Restated Financial Statements is disclosed in this Red Herring Prospectus.

**51. *If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected.***

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of such inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

**52. *The average cost of acquisition of Equity Shares by our Promoters, may be less than the Offer Price.***

The average cost of acquisition of Equity Shares by our Promoters, Siddhartha Roy Burman and Knightsville Private Limited is ₹ 6.55 and ₹ 3.52, respectively. We cannot assure you that the Offer Price as decided in the Offer, will be less than the average cost of acquisition of Equity Shares of our Promoters.

**B. External Risk Factors**

**1. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by changes in law, or interpretations of existing laws, rules and regulations, or the promulgation of new laws, rules and regulations in India, applicable to us and our business.

The governmental and regulatory bodies in India and other jurisdictions where we operate may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, or impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

The application of various Indian and international sales, value-added and other tax laws, rules and regulations to our services, currently or in the future, may be subject to interpretation by applicable authorities, and if amended/ notified, could result in an increase in our tax payments (prospectively or retrospectively) and/or subject us to penalties, which could affect our business operations. Further, we run the risk of the Income Tax Department assessing our tax liability that may be materially different from the provision that we carry in our books for the past periods. The Government of India has proposed a comprehensive national goods and services tax (“**GST**”), regime that will combine taxes and levies by the central and state governments into a unified rate structure. GST was made applicable from July 1, 2017. Recently, the GST council notified GST rates applicable to footwear at 5% for footwear having a retail price not exceeding ₹ 500 per pair and 18% for footwear of retail price exceeding ₹ 500 per pair. As a result of this, we may have to revisit the pricing of some of our products in order to make them attractive to our customers. Any such future increases or amendments may affect the overall tax efficiency of companies operating in the footwear industry in India and may result in significant additional taxes becoming payable.

The Government of India has issued the Income Computation and Disclosure Standards (“**ICDS**”) that will be applied in computing taxable income and payment of income taxes thereon, applicable with effect from the fiscal 2017. ICDS shall apply to all taxpayers following an accrual system of accounting for the purpose of computation of income under the heads of “profits and gains of business or profession” and “income from other sources”. Such specific standards for computation of income taxes in India are relatively new, and the impact of the ICDS on our results of operations and financial condition is uncertain.

## **2. Our business is substantially affected by economic, political and other prevailing conditions in India.**

Our Company is incorporated in India, and the majority 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. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- 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 impact 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 neighbouring countries;
- volatility in, and actual or perceived trends in trading activity on, India’s principal stock exchanges;
- 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 in India’s various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India’s principal export markets;
- other significant regulatory or economic developments in or affecting India or its retail sector;
- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;

- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

**3. *The Government of India had recently implemented certain currency demonetization measures, which may affect the Indian economy and our business, results of operations, financial condition and prospects.***

On November 8, 2016, the RBI and the Ministry of Finance of the GoI withdrew the legal tender status of ₹500 and ₹ 1,000 currency notes pursuant to notification dated November 8, 2016. The short-term impact of these developments has been, among other things, a decrease in liquidity of cash in India. There is uncertainty on the medium- and long-term impact of this action. The medium- and long-term effects of demonetization on the Indian economy and our business are uncertain and we cannot accurately predict its effect on our business, results of operations, financial condition and prospects.

**4. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

**5. *The trading volume and market price of the Equity Shares may be volatile following the Offer.***

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of Key Management Personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

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

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

**7. *Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All our directors and executive officers are residents of India and a majority of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India.

Recognition and enforcement of foreign judgments is provided for under Section 13 of CPC on a statutory basis. Section 13 of the CPC provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the CPC, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. However, under the CPC, such presumption may be displaced by proving that the court did not have jurisdiction.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Section 44A of the CPC provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside of India which the Central Government has by notification declared to be in a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the CPC is applicable only to monetary decrees not being of the same nature as amounts payable in respect of taxes, other charges of a like nature or of a fine or other penalties.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with

public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999, to execute such a judgment or to repatriate any amount recovered.

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

Our Articles of Association, regulations of our board of directors, Indian laws governing our corporate affairs, the validity of 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 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 a shareholder in our Company than as a shareholder of a company in another jurisdiction.

**9. *Currency exchange rate fluctuations may have a material adverse effect on the value of the Equity Shares, independent of our results of operations.***

The exchange rate between the Rupee and the USD and other foreign currencies has changed considerably in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the Rupee and other currencies may affect the value of a non-resident investor's investment in the Equity Shares.

A non-resident investor may not be able to convert Rupee proceeds into USD or any other currency or the rate at which any such conversion may occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Rupee, if United States or other non-resident investors analyse our value based on the USD equivalent of our financial condition and results of operations.

For historical exchange rate fluctuations, please see the section entitled "*Presentation of Financial, Industry and Market Data*" on page 11.

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

The Offer Price of our Equity Shares will be determined on the basis of the Book Building Process. This price will be based on numerous factors. For further information, please see the section entitled "*Basis for Offer Price*" on page 83 and may not be indicative of the market price of our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price. Among the factors that could affect our share price are:

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

**11. *Any future issuance of Equity Shares by us may dilute your shareholding and sales of the equity shares by our Promoters, Promoter Group or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us may dilute your shareholding in our Company. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of the Offer, including by our Promoters or other major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could materially impair future ability of our Company to raise capital through offerings of the Equity Shares. Our Promoters and Promoter Group currently hold an aggregate of 66.17% of the outstanding Equity Shares. After the completion of the Offer, our Promoters will continue to hold [●] % of the outstanding Equity Shares. We

cannot predict the effect, if any, that the sale of the Equity Shares held by our Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of the Equity Shares.

**12. *Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders.***

The Offer consists of the Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. The entire proceeds of the Offer for Sale will be respectively transferred to the Selling Shareholders and will not result in any creation of value for us or in respect of your investment in our Company.

**13. *This Red Herring Prospectus contains information from the Technopak Report which has been commissioned by us. Investors should not place undue reliance on the information derived from the Technopak Report.***

The Company commissioned the Technopak Report for the purposes of confirming our understanding of the industry in connection with the Offer. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has independently verified data from industry publications and other third party sources and therefore cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in other countries. Therefore, discussions of matters relating to India, its economy, our competitors in this Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. Generally, industry reports and data disclaims the accuracy, adequacy or completeness of industry information provided and further disclaims any responsibility for any errors or omissions in the information provided or for the results obtained from the use of such industry information. Further, such industry information is subject to many assumptions. There are no standard data gathering methodologies in the industries in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that the assumptions considered in the industry information are correct or will not change and accordingly our position in the market may differ from that presented in this Red Herring Prospectus. Further, the industry information is not a recommendation to invest / disinvest in our Company. Further, generally industry reports and data disclaims all responsibility and liability for any costs, damages, losses, liabilities incurred by any third party including subscribers / users / transmitters / distributors in the Offer who use or rely upon the industry information or extracts therefrom. Prospective investors are advised not to unduly rely on the industry information when making their investment decisions. In addition, internal company reports have not been verified by independent sources and may be incomplete or unreliable.

**14. *Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

Prominent Notes:

- Our Company has not changed its name in the last three fiscals.

- Our net worth was ₹ 1,922.62 million and ₹1,851.57 million during the three month period ended June 30, 2017 and fiscal 2017, respectively, as per our Restated Financial Statements, which is included in this Red Herring Prospectus. For details, please see the section entitled “*Financial Statements*” on page 160.

Initial Public Offering of up to [●] Equity Shares for cash at price of ₹ [●] aggregating up to ₹ [●] million. The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating to ₹500 million and an Offer for Sale of up to 6,574,093 Equity Shares aggregating to ₹ [●] million by the Selling Shareholders. The Offer will constitute at least 25% of the post-Offer paid-up Equity Share capital of our Company.

- Our net asset value per Equity Share was ₹ 111.14 and ₹ 107.04 as at June 30, 2017 and March 31, 2017, respectively, as per our Restated Financial Statements.
- The average cost of acquisition of Equity Shares by Knightsville Private Limited is ₹ 3.52 per Equity Share and Siddhartha Roy Burman is ₹ 6.55 per Equity Share.
- The average cost of acquisition of Equity Shares by Fairwinds is ₹ 153.79 per Equity Share.
- Except as disclosed in the sections entitled “*Our Group Companies*” and “*Financial Statements-Annexure XXXVIII*” on pages 153 and 215, respectively, none of our Group Companies have business interests or other interests in our Company.
- For details of related party transactions entered into by our Company with the Group Companies and other related parties during the last fiscal, the nature of transactions and the cumulative value of transactions, see the section entitled “*Financial Statements-Annexure XXXVIII*” on page 215.
- There have been no financing arrangements whereby our Promoters, Promoter Group, directors of Knightsville Private Limited, our Directors 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 filing of the Draft Red Herring Prospectus.
- Investors may contact any of the BRLMs for any complaints, information or clarification pertaining to the Offer. All grievances relating to ASBA process may be addressed to the Registrar, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted as the case may be, giving full details such as name, address of the Bidder, number of Equity Shares applied for, DP ID, Client ID, Bid Amounts blocked, ASBA Account number and the address of the Designated Intermediary with whom the ASBA Form was submitted. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar. For further information regarding grievances in relation to the Offer, see the section entitled “*General Information*” on page 52.

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

*Unless specified otherwise, the information in this section has been obtained or derived from the “Industry Report on Indian Footwear Industry” of June 2017 by Technopak (“**Technopak Report**”). All information contained in the Technopak Report has been obtained by Technopak from sources believed by it to be accurate and reliable. None of the Company, the Selling Shareholders, the BRLMs or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on or base their investment decision on this information.*

#### **Indian Economy: Macroeconomic Outlook**

Economic reforms during early 1990s catapulted the Indian economy on a high growth path. India registered a real GDP growth of about 9.5% in the period FY 2006-2008 and averaged 8% from FY 2006-2011. The Indian economy has a significant presence on the global economic stage. During FY 2010 to FY 2016, India’s Real GDP grew at a CAGR of 7.3% and at 7.5% during FY 2015-2016, making it the fastest growing major economy in the world. India’s GDP was 2.5% of world GDP in FY 2013 and it is expected to rise to 3.1% and 3.8% of world GDP in FY 2016 and FY 2021, respectively. IMF has pegged India’s real GDP growth between 7.5% - 7.7% for FY 2016-20. IMF and other agencies have predicted India to be in the top three global economies by FY 2050.

#### **Distribution of Merchandise Consumer Spending**

In 2016, India’s GDP is estimated at ~US\$ 2,115 billion, of which private consumption constituted 60%. Retail constitutes ~50% of private consumption. India’s GDP growth will therefore translate to an increase in merchandise retail market, from the current ~US\$ 616 billion to US\$ 960 billion by FY 2020. Share of urban retail is expected to grow from 49% in FY 2016 to 52% in FY 2020 due to increasing urbanisation, higher increase in urban household income, rural distress due to erratic monsoon and increasing penetration of organized retail in urban centres. Organized brick and mortar retail (which is largely concentrated in urban India) was 9% of total retail (US\$ 55 billion) in FY 2016 and this is expected to become 12% (US\$ 115 billion) by FY 2020 and was 7% of total retail in FY 2010.

#### **Indian Footwear Market**

##### **Domestic Footwear Market in India**

*Domestic footwear market in India at retail price (in US\$ billion)*



Source: Secondary research, Corporate Interviews , Technopak Analysis  
1 US\$= INR 67

The domestic footwear market in India is projected to grow at a CAGR of 15% to reach US\$ 12.6 billion by FY 2020 from US\$ 7.2 billion in FY 2016. The key drivers for the footwear segment will be: a) increased adoption owing to versatility in usage, and b) shift from unbranded to branded.

Men's footwear currently dominates this market with ~54% share, however women's segment will outpace the men's growth to take 41% of the footwear market in FY 2020 against the current share of 37%. Further growth will be driven by:

- Increasing disposable income of consumer and higher spending on lifestyle products, leading to shift from unbranded to branded play
- Increasing middle class population and working population
- Increase in number of working women driving the growth of women's footwear market
- Increasing urbanisation and more focus towards branded footwear
- Easy availability and assortment width with the advent of online channel
- Surge in sale of sports and health based footwear with increasing focus towards sports and events: marathons, adventure trips, etc.

## SUMMARY OF OUR BUSINESS

*This section should be read in conjunction with the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 14, 223 and 160, respectively.*

*All references to exclusive retail stores with respect to our Company in (i) North India, (ii) South India, (iii) East India, and (iv) West India, refer to, together, the States and Union Territories of, (i) Rajasthan, Uttarakhand and Uttar Pradesh; (ii) Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu and Telengana; (iii) Arunachal Pradesh, Assam, Bihar, Jharkhand, Odisha, Manipur, Meghalaya, Sikkim, Tripura, West Bengal; and (iv) Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Goa, respectively.*

### Overview

Our Company is one of the leading footwear brands in India, with a two-pronged focus on retail and distribution of footwear. We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the ‘Khadim’s’ brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (*Source: Technopak Report*)

Our core business objective is ‘Fashion for Everyone’, and we believe that our Company has established an identity as an ‘affordable fashion’ brand, catering to the entire family for all occasions. As at June 30, 2017 and March 31, 2017, we operated 853 and 829 ‘Khadim’s’ branded exclusive retail stores across 23 states and one union territory in India, respectively, through our retail business vertical. Further, we had a network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, respectively, in our distribution business vertical.

Our Company was incorporated in 1981, and through the next several years, our Company was involved in wholesaling and distribution of branded basic utility footwear, and we had forayed into the retail business in 1993.

Our Company operates through two distinct business verticals, retail and distribution, each with its predominantly own customer base, sale channels and product range. Our retail business operates through our exclusive retail stores catering to middle and upper middle income consumers in metros (including mini-metros) and Tier I – Tier III cities, who primarily shop in high street stores and malls, for fashionable products. Our distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I – Tier III cities, who primarily shop in multi-brand-outlets (“MBO”) for functional products. We are also engaged in the business of institutional sales and export of footwear.

Our Company is led by our Promoter, Chairman and Managing Director, Siddhartha Roy Burman. With 34 years of experience of working with the Company, Siddhartha Roy Burman has been instrumental in the growth of our business. Our corporate Promoter is Knightsville Private Limited.

Our revenue from operations (gross) was ₹1,785.43 million (net revenue from operations was ₹1,784.33 million), ₹6,217.30 million (net revenue from operations was ₹6,212.49 million), ₹ 5,351.13 million (net revenue from operations was ₹5,345.21 million) and ₹ 4,618.40 million (net revenue from operations was ₹ 4,601.58 million) in the three month period ended June 30, 2017, fiscals 2017, 2016 and 2015, respectively, in terms of our Restated Financial Statements.

### Retail Business

As at June 30, 2017 and March 31, 2017, respectively, we had a wide network of 853 and 829 ‘Khadim’s’ branded exclusive retail stores, which constitute our channels of sale, of which 168 and 162 are company owned and operated outlets (“COO”), and 685 and 667 are franchisee operated stores (which are further categorised as exclusive branded outlets (“EBO”), branded outlets (“BO”) and franchisee run and managed outlets (“FRM”)), across 23 States and one Union Territory in India. Since our foray into the retail business in 1993, we have grown to be the second largest exclusive retail network with the largest exclusive franchisee retail network in India, in fiscal 2016. (*Source: Technopak Report*) Our Company is also involved in the sale of certain accessories along with our footwear in our exclusive retail stores, as a one-stop solution, to complement our retail business vertical. Our retail business constituted 70.02% 73.48%, 75.23% and 72.19% of our net revenue,

for the three month period ended June 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015, which constituted net revenue of ₹ 1,249.43 million, ₹ 4,564.95 million, ₹ 4,021.19 million and ₹ 3,321.99 million, respectively. As at June 30, 2017 and March 31, 2017, 66.59% and 67.19% of our exclusive retail stores catered to East India, 17.58% and 17.37% of our exclusive retail stores catered to South India and 15.83% and 15.44% of our exclusive retail stores catered to the rest of India, respectively.

COOs are owned and operated by our Company and are primarily present in metros and Tier I cities where the responsibility of the inventory, capital expenditure and operating cost resides with our Company. Our EBOs operated by franchisees, are primarily present in Tier I and Tier II cities and our BOs, being economic formats of EBOs with small store size, are primarily present in Tier II and Tier III cities. Our EBOs and BOs are responsible for inventory, capital expenditure and operating cost. FRMs, primarily present in metros and Tier I cities, were launched by our Company as a vehicle to venture into new geographical markets by maintaining an asset light model, with the inventory risk being borne by our Company.

Through this business model, we cater to middle and upper middle income consumers in metros and Tier I – Tier III cities, who primarily shop in high street stores and malls. In this business model, our product range primarily focuses on fashionable footwear, targeting men, women and children for all occasions spread across a large range of merchandise categories, including but not limited to leather and non-leather sandals, slippers, boots, ballerinas, stilettos, moccasins and sports shoes. Our product portfolio in the retail business is higher in value compared to the products which we distribute through our distribution business.

In our retail business, our Company presently promotes nine home-grown sub-brands of ‘*Khadim’s*’, which are, ‘*Pro*’, ‘*Lazard*’, ‘*Softouch*’, ‘*Cleo*’, ‘*British Walker*’, ‘*Turk*’, ‘*Sharon*’, ‘*Bonito*’ and ‘*Adrianna*’, with varied product offerings and merchandise category.

Due to the fashion oriented nature of the retail business requiring lower volume per stock keeping unit (“SKU”), a significant portion of our products sold through our exclusive retail stores are sourced from outsourced vendors, who are able to deliver smaller quantities of premium high quality products. The portion of products procured from outsourced vendors with respect to our retail business amounted to 85.60% of our products, in fiscal 2017.

#### *Distribution Business*

We had a wide network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, respectively, who distribute our products to MBOs across India. Our distribution business constituted 27.12%, 21.68%, 18.57% and 14.51% of our net revenue, for fiscal 2017, fiscal 2016 and fiscal 2015, and our net revenue from the distribution business constituted ₹ 483.83 million, ₹ 1,347.05 million, ₹ 992.34 million and ₹ 667.65 million for such periods.

Through this business model, we cater to the middle income customers in urban, Tier I – Tier III cities, who shop in MBOs. The products which we distribute through our distribution business are primarily ethylene-vinyl acetate (“EVA”), Hawai, injected poly-vinyl chloride (“**Injected PVC**”), polyurethanes (“PU”), PVC - direct injection process (“PVC DIP”) and stuck on products, under the ‘*Khadim’s*’ brand. Our distribution business complements our retail business and enables us to achieve a deeper market penetration for our products.

Due to the high volume of products per SKU sold through the distribution business and for better control over cost, a significant portion of our products sold through our distributors are manufactured by our Company at our own manufacturing facilities and through contract manufacturing facilities. Presently, we have two owned manufacturing facilities and two outsourced manufacturing facilities, for which the raw material is supplied by our Company, catering primarily to our distribution business.

#### **Key Strengths**

We believe the following are our key strengths:

- A leading footwear brand, offering affordable fashion across various price segments
- Strong design capabilities to maintain seasonal trends and leading premiumisation through sub-brands
- Two-pronged market strategy that straddles efficiently across retail and distribution models

- Extensive geographical reach and penetration across East and South India
- Asset light model leading to higher operating leverage
- Experienced Promoters supported by professionally qualified, experienced and entrepreneurial management team

### **Our Strategies**

- Expand our geographical footprint in western India and certain markets in northern India and further penetrate markets in south India
- Continue to focus on an asset light model led growth
- Premiumise product offering to increase average selling price and gross margins

## **SUMMARY OF FINANCIAL INFORMATION**

*The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto, “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 160 and 223, respectively.*

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**Khadim India Limited**

**ANNEXURE - I**

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

	Particulars	Annexure	As at					
			30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>							
	Shareholders' funds							
	Share capital	VI	172.99	172.99	172.99	172.99	121.35	121.35
<b>II</b>	Reserves and surplus	VII	1,749.63	1,678.58	1,371.02	1,118.58	616.81	915.14
			<b>1,922.62</b>	<b>1,851.57</b>	<b>1,544.01</b>	<b>1,291.57</b>	<b>738.16</b>	<b>1,036.49</b>
<b>III</b>	<b>Non-current liabilities</b>							
	Long-term borrowings	VIII	-	2.00	70.58	168.64	290.69	507.82
	Deferred Tax Liabilities (Net)	IX	56.47	57.74	64.12	70.16	92.40	82.54
	Other long-term liabilities	X	94.59	92.47	87.95	77.45	64.31	62.87
	Long-term provisions	XI	4.92	6.06	5.08	8.29	17.48	12.77
			<b>155.98</b>	<b>158.27</b>	<b>227.73</b>	<b>324.54</b>	<b>464.88</b>	<b>666.00</b>
<b>III</b>	<b>Current liabilities</b>							
	Short-term borrowings	XII	1,367.31	1,039.65	976.42	1,050.49	779.76	1,193.92
	Trade payables							
	(i) Total outstanding dues to micro enterprises and small enterprises		19.80	21.64	21.26	13.38	18.48	11.39
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	XIII	1,174.84	876.59	547.19	560.94	947.18	762.52
	Other current liabilities	XIV	211.17	136.90	177.09	195.83	1,040.87	260.28
	Short-term provisions	XV	21.87	13.38	29.28	19.29	21.19	24.72
			<b>2,794.99</b>	<b>2,088.16</b>	<b>1,751.24</b>	<b>1,839.94</b>	<b>2,807.48</b>	<b>2,252.83</b>
	<b>TOTAL (I+II+III)</b>		<b>4,873.59</b>	<b>4,098.00</b>	<b>3,522.98</b>	<b>3,456.04</b>	<b>4,010.52</b>	<b>3,955.32</b>
<b>ASSETS</b>								
<b>IV</b>	<b>Non-Current Assets</b>							
	Fixed Assets	XVI						
	Tangible assets		1,355.97	1,316.47	1,420.39	1,477.45	1,580.52	1,494.61
	Intangible assets		14.07	13.87	14.58	11.32	13.00	16.46
	Capital Work - In - Progress		28.75	31.46	8.62	5.16	21.74	79.90
	Intangible assets under development		-	-	-	15.99	3.66	3.02
	Non-current investments	XVII	-	-	0.48	0.48	0.48	0.48
	Long-term loans and advances	XVIII	290.30	284.96	291.06	259.26	210.29	401.36
	Other non-current assets	XIX	11.49	11.49	11.49	9.03	-	5.24
			<b>1,700.58</b>	<b>1,658.25</b>	<b>1,746.62</b>	<b>1,778.69</b>	<b>1,829.69</b>	<b>2,001.07</b>
<b>V</b>	<b>Current assets</b>							
	Current investments	XX	27.80	-	10.50	-	-	-
	Inventories	XXI	1,320.78	1,144.60	1,008.95	1,137.78	1,140.48	1,430.33
	Trade receivables	XXII	923.61	771.68	348.55	240.90	570.85	219.62
	Cash and bank balances	XXIII	516.74	166.37	194.21	124.41	314.55	99.82
	Short-term loans and advances	XXIV	239.36	214.59	150.43	113.40	91.34	146.88
	Other current assets	XXV	144.72	142.51	63.72	60.86	63.61	57.60
			<b>3,173.01</b>	<b>2,439.75</b>	<b>1,776.36</b>	<b>1,677.35</b>	<b>2,180.83</b>	<b>1,954.25</b>
	<b>TOTAL (IV+V)</b>		<b>4,873.59</b>	<b>4,098.00</b>	<b>3,522.98</b>	<b>3,456.04</b>	<b>4,010.52</b>	<b>3,955.32</b>

**Note:**

The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

## ANNEXURE - II

## RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(All amounts in Millions Rupees except for share data or as otherwise stated)

	Particulars	Annexure	For the quarter/year ended					
			30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
I	INCOME	XXVI	1,785.43	6,217.30	5,351.13	4,618.40	4,807.75	4,253.60
	Revenue from operations (Gross)		1.10	4.81	5.92	16.82	26.35	23.27
	Less: Excise duty	XXVII	1,784.33	6,212.49	5,345.21	4,601.58	4,781.40	4,230.33
	Revenue from Operations (Net)		13.30	42.98	43.09	55.46	49.12	26.86
	Other income		1,797.63	6,255.47	5,388.30	4,657.04	4,830.52	4,257.19
II	EXPENSES	XXVIII	329.87	1,050.96	761.79	612.01	503.55	542.97
	Cost of Materials Consumed		860.32	2,782.98	2,467.12	2,548.54	2,563.52	2,502.48
	Purchase of Stock-In-Trade		(119.11)	(119.76)	130.69	(36.86)	73.64	(248.06)
	Changes in Inventories of Finished Goods, Work- In-Progress and Stock-In-Trade	XXXI XXXII XVI XXXIII	155.43	551.88	452.83	460.71	421.51	363.55
	Employee benefit expenses		32.60	134.63	145.50	192.15	256.08	243.04
	Finance costs		38.92	159.01	162.88	191.79	105.67	82.77
	Depreciation and amortisation expenses		391.24	1,288.71	1,009.28	879.75	723.60	635.26
	Other expenses		1,689.27	5,848.41	5,130.09	4,848.09	4,647.57	4,122.01
	Total expenses		108.36	407.06	258.21	(191.05)	182.95	135.18
III	Restated profit/(loss) before tax (I-II)							
IV	Tax expenses	XXXIV	38.58	150.63	50.00	-	51.19	31.75
	(1) Current tax		-	-	(41.98)	-	(0.63)	-
	(2) (Less) MAT credit entitlement for earlier year		-	(44.75)	3.79	0.63	1.07	1.47
	(3) (Excess)/Short provision for tax (net) relating to prior years [includes MAT Credit receivable of earlier years : 31 March 2017 - Rs 46.82 millions (Previous years - Nil)]		-	-	-	-	-	(0.10)
	(4) (Excess) provision for Fringe Benefit Tax relating to prior years		38.58	105.88	11.81	0.63	51.63	33.12
	(5) Net current tax (1+2+3+4)		(1.27)	(6.38)	(6.04)	(5.11)	9.85	12.91
	(6) Deferred tax		37.31	99.50	5.77	(4.48)	61.48	46.03
	Net tax expenses (5+6)		71.05	307.56	252.44	(186.57)	121.47	89.15
	Restated profit/(loss) after tax (III-IV)							

## Note:

The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

## ANNEXURE - III

## RESTATED SUMMARY STATEMENT OF CASH FLOWS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Cash flow from operating activities</b>						
Profit/(loss) before tax (as restated)	108.36	407.06	258.21	(191.05)	182.95	135.18
Adjustments for:						
Depreciation and amortisation expense	38.92	159.01	162.88	191.79	105.67	82.77
(Profit) / loss on sale of fixed assets (Net)	(0.88)	9.08	5.69	(18.24)	4.56	8.65
Interest Received	(2.50)	(11.57)	(10.37)	(7.04)	(17.30)	(8.46)
Dividend Income from Investments	-	-	(0.02)	-	(1.01)	-
Gain on Sale of Investments	-	(1.80)	-	(6.98)	(8.45)	(6.00)
Liabilities Provisions no longer required written back	(0.71)	(3.48)	(2.63)	(6.98)	(1.64)	(2.73)
Provision/(Reversal) for diminution in value of Long Term Investments	-	-	-	-	(0.14)	0.14
Government grant received	(0.33)	(1.11)	(5.07)	(2.86)	-	(3.40)
Provision for doubtful debts, advances and other assets	0.01	3.27	3.58	2.24	3.27	2.12
Debts/Advances written off	1.31	4.20	1.14	-	0.18	0.49
Foreign Currency translations and transactions (Net)	(0.06)	(0.82)	(0.92)	(0.01)	0.32	0.06
Finance cost	32.60	134.63	145.50	192.15	256.08	243.04
<b>Operating profit before working capital changes (as restated)</b>	<b>176.72</b>	<b>698.47</b>	<b>557.99</b>	<b>153.02</b>	<b>524.49</b>	<b>451.86</b>
Adjustments for:						
Trade Receivables, Loans and Advances and Other Assets	(196.35)	(515.35)	(143.49)	293.96	(308.01)	(101.31)
Inventories	(176.17)	(135.65)	128.83	1.69	69.36	(281.37)
Trade Payables, Other Liabilities and Provisions	401.54	350.71	(11.89)	(374.39)	196.49	291.89
<b>Cash generated from operations</b>	<b>205.74</b>	<b>398.18</b>	<b>531.44</b>	<b>75.28</b>	<b>482.83</b>	<b>361.07</b>
Payment of Direct Taxes	(15.25)	(89.12)	(32.84)	(30.56)	(41.82)	(29.14)
Cash paid to Minority Shareholders [Refer Note 13 of Annexure XXXVIII]	-	-	-	-	(60.00)	(30.00)
<b>Net cash flow from Operating Activities</b>	<b>190.49</b>	<b>309.06</b>	<b>498.60</b>	<b>44.72</b>	<b>381.01</b>	<b>301.93</b>
<b>II. Cash flow from investing activities</b>						
Purchase of fixed assets	(89.93)	(182.10)	(92.03)	(146.47)	(86.20)	(312.32)
Proceeds from sale of fixed assets	5.64	4.56	4.86	28.87	1.88	0.41
(Increase)/Decrease in Margin Account	-	-	0.19	(0.10)	0.68	1.38
Investments in bank deposits under lien	(7.65)	(76.76)	(38.29)	(59.96)	(1,156.61)	(64.70)
Maturity of bank deposits under lien	3.23	39.36	18.41	273.00	934.79	63.85
Purchase of Investments	(27.80)	-	(10.50)	(350.99)	(260.00)	-
Sale of Investments	-	12.78	-	357.97	268.45	36.00
Dividend Income from Investments	-	-	0.02	-	1.01	-
Government grant received	-	-	-	-	-	2.62
Interest Received	0.31	14.36	5.28	6.42	16.39	8.55
<b>Net cash flow from (used in) investing activities</b>	<b>(116.20)</b>	<b>(187.80)</b>	<b>(112.06)</b>	<b>108.74</b>	<b>(279.61)</b>	<b>(264.21)</b>
<b>III. Cash flow from financing activities</b>						
Proceeds from issue of Unsecured Zero Coupon Compulsorily Convertible Debentures	-	-	-	-	774.64	-
Net increase/(decrease) in working capital, demand loans and buyer's credit	327.57	64.08	(73.81)	270.74	(211.56)	175.72
Interest Paid	(32.48)	(134.76)	(149.68)	(191.92)	(260.76)	(243.15)
Repayment of Term Loans	(23.38)	(115.81)	(112.43)	(208.06)	(169.75)	(34.69)
Repayment of Vehicle Loan	-	-	(0.50)	(1.42)	(1.57)	2.56
Repayment of Unsecured loans	-	-	-	-	(224.60)	61.90
Dividends paid	-	-	-	-	(12.14)	(12.14)
Dividend tax paid	-	-	-	-	(2.06)	(1.97)
<b>Net cash used in financing activities</b>	<b>271.71</b>	<b>(186.49)</b>	<b>(336.42)</b>	<b>(130.66)</b>	<b>(107.80)</b>	<b>(51.77)</b>
<b>IV. Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>346.00</b>	<b>(65.23)</b>	<b>50.12</b>	<b>22.80</b>	<b>(6.40)</b>	<b>(14.05)</b>
Exchange differences on translation of foreign currency cash and cash equivalents *	(0.04)	(0.03)	(0.00)	-	-	-
<b>V. Cash and Cash Equivalents at beginning of quarter/year</b>	<b>18.55</b>	<b>83.81</b>	<b>33.69</b>	<b>10.89</b>	<b>17.29</b>	<b>31.34</b>
<b>VI. Cash and cash equivalents at the end of quarter/year (IV+V)</b>	<b>364.51</b>	<b>18.55</b>	<b>83.81</b>	<b>33.69</b>	<b>10.89</b>	<b>17.29</b>

Cash and Cash Equivalents represent cash and bank balances:

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Cash and Cash Equivalents as above	364.51	18.55	83.81	33.69	10.89	17.29
Other Bank Balances	152.23	147.82	110.40	90.72	303.66	82.53
<b>Cash and Bank Balances (Annexure XXXIII)</b>	<b>516.74</b>	<b>166.37</b>	<b>194.21</b>	<b>124.41</b>	<b>314.55</b>	<b>99.82</b>

## Notes:

a) Pursuant to a scheme of Arrangement for Reduction of Capital approved by the Hon'ble Calcutta High Court on 14th March, 2014 the Company had reduced its issued, subscribed and paid up equity share capital from Rs 485.41 millions divided into 48,540,952 number of Equity Shares of Rs. 10 each fully paid up to Rs. 121.35 millions divided into 48,540,952 equity shares of Rs. 2.50 each. This is a non cash transaction [Refer Note 13 of Annexure XXXVIII].

b) During the year ended 31st March 2015, Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, of face value Rs.10 had been converted into 5,163,293 Equity Shares of face value Rs.10 each at a conversion premium of Rs.140.03 per share. This is a non-cash transaction [Refer Note b (ii) of Annexure VI].

c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

\* Exchange differences on translation of foreign currency cash and cash equivalents amount is below the rounding off norm adopted by the Company.

## THE OFFER

Offer	Up to [●] Equity Shares, aggregating up to ₹ [●] million
<i>of which</i>	
Fresh Issue <sup>(1)</sup>	Up to [●] Equity Shares, aggregating up to ₹ 500 million
Offer for Sale <sup>(2)</sup>	Up to 6,574,093 Equity Shares, aggregating up to ₹ [●] million
The Offer comprises of:	
A) QIB Portion <sup>(3)(4)</sup>	[●] Equity Shares
<i>of which:</i>	
(i) Anchor Investor Portion	Not more than [●] Equity Shares
<i>of which:</i>	
Available for allocation to Mutual Funds only	[●] Equity Shares
Balance for all QIBs including Mutual Funds	[●] Equity Shares
(ii) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
<i>of which:</i>	
(a) Available for allocation to Mutual Funds only (5% of the QIB Portion excluding Anchor Investor Portion)	[●] Equity Shares
(b) Balance for all QIBs including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion <sup>(4)</sup>	Not less than [●] Equity Shares
C) Retail Portion <sup>(4)</sup>	Not less than [●] Equity Shares
<b>Pre and post Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	17,298,531 Equity Shares
Equity Shares outstanding after the Offer *	[●] Equity Shares
<b>Utilisation of Net Proceeds</b>	Please see the section entitled “ <i>Objects of the Offer</i> ” on page 77 for information about the use of the Net Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

(1) The Fresh Issue has been authorized by a resolution of our Board of Directors dated June 1, 2017 and by a special resolution of our Shareholders dated June 3, 2017.

(2) Siddhartha Roy Burman has consented to participate in the Offer for Sale and offer up to 722,000 Equity Shares in the Offer pursuant to a letter dated May 31, 2017. Fairwinds has consented to participate in the Offer for Sale and offer up to 5,852,093 Equity Shares in the Offer pursuant to its board resolution dated May 31, 2017 and its consent letter dated May 31, 2017. The Selling Shareholders, severally and not jointly, confirm that the Equity Shares being offered by the Selling Shareholders in the Offer, have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI calculated in the manner as set out under Regulation 26(6) of SEBI Regulations and are eligible for being offered for sale in the Offer in terms of the SEBI Regulations.

(3) Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer 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 details, please see the section entitled “Offer Procedure” on page 277.

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, the Investor Selling Shareholder, the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b)(i) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment proportionately towards the balance Fresh Issue, and the Equity Shares offered by the Investor Selling Shareholder and the

*Promoter Selling Shareholder. For further details, please see the section entitled “Offer Structure” on page 274.  
\*To be updated upon finalization of the Offer Price.*

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 Offer 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, please see the section entitled “*Offer Procedure – Part B – Allotment Procedure and Basis of Allotment*” on page 308.

The face value of equity shares is ₹10 each.

## GENERAL INFORMATION

Our Company was incorporated as S. N. Footwear Industries Private Limited pursuant to a certificate of incorporation dated December 3, 1981 under the provisions of the Companies Act, 1956 issued by the RoC. The name of our Company was changed to Khadim Chain Stores Private Limited to align the name of the Company with our brand name pursuant to a resolution of shareholders dated November 10, 1997 and a fresh certificate of incorporation consequent on change of name dated April 17, 1998 was issued by the RoC. The name of our Company was subsequently changed to Khadim Chain Stores Limited, on conversion of our Company into a public limited company, pursuant to a resolution of the shareholders dated April 12, 2005 and a fresh certificate of incorporation dated June 24, 2005 was issued by the RoC. Subsequently, the name of our Company was further changed to Khadim India Limited, to reflect the comprehensive nature of the business to be conducted by the Company, and pursuant to the resolution of the shareholders dated August 8, 2005 and a fresh certificate of incorporation dated August 26, 2005 was issued by the RoC. For further details, please see the section entitled "*History and Certain Corporate Matters*" on page 125.

For details of the business of our Company, please see the section entitled "*Our Business*" on page 104.

### **Registered and Corporate Office**

Kankaria Estate, 5th Floor  
6, Little Russell Street  
Kolkata 700 071  
Tel: +91 33 40090501  
Fax: +91 33 40090500  
Email: compliance@khadims.com  
Website: www.khadims.com  
Corporate Identity Number: U19129WB1981PLC034337  
Registration Number: 21-34337

### **Address of the RoC**

Our Company is registered with the RoC situated at Nizam Palace, 2<sup>nd</sup> MSO Building, 2<sup>nd</sup> floor, 234/4, A. J. C. Bose Road, Kolkata 700 020.

### **Board of Directors**

The Board of Directors of our Company comprises the following:

Name	Designation	DIN	Address
Siddhartha Roy Burman	Chairman and Managing Director	00043715	BH-164, Sector II, Salt Lake, Kolkata 700 091
Vinayak Vishwanath Kamath	Nominee Director	02540608	1101 Westend, Raheja Vihar, Chandidi Farm Road, Andheri East, Mumbai 400 072
Namrata A. Chotrani	Nominee Director	00390845	12, Maker Tower – A, Cuffe Parade, Mumbai 400 005
Dr. Indra Nath Chatterjee	Independent Director	00122677	Row House No.2, Valentine Apartment, General A.K. Vaidya Marg Malad (East), Mumbai 400 097
Ashoke Kumar Dutta	Independent Director	00045170	Flat- GB, 50,Jatin Das Road, Kolkata 700 029
Prof. (Dr.) Surabhi Banerjee	Independent Director	07829304	28/6 B, Nakuleshwar Bhattacharjee Lane, Kalighat Circus Avenue, Kolkata 700 026

For further details in relation to our Directors, please see the section entitled "*Our Management*" on page 133.

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

Abhijit Dan is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

### **Abhijit Dan**

Kankaria Estate, 5th Floor  
6, Little Russell Street  
Kolkata 700 071  
Tel: +91 33 4009 0501  
Fax: +91 33 4009 0500  
E-mail: compliance@khadims.com

#### **Chief Financial Officer**

Ishani Ray is the Chief Financial Officer of our Company. Her contact details are as follows:

#### **Ishani Ray**

Kankaria Estate, 5th Floor  
6, Little Russell Street  
Kolkata 700 071  
Tel: +91 33 4009 0501  
Fax: +91 33 4009 0500  
E-mail: ishani.ray@khadims.com

#### **Investor Grievance**

**Bidders may contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in the event of any pre-Offer or post-Offer related issues, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode.**

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to 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, Bidder DP ID, Client ID, PAN, date of the submission of 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. All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer.

Further, the investor shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

#### **Selling Shareholders**

The Investor Selling Shareholder in the Offer is Fairwinds, acting in its capacity as the trustee to Reliance PE Scheme I, which is a trust constituted in terms of the Indian Trusts Act, 1882 and is registered as a domestic venture capital fund with the SEBI bearing registration number IN/VCF/05-06/077, having its registered office at 1105, Level 11, Tower-1, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai 400 013.

Siddhartha Roy Burman is our Promoter Selling Shareholder.

#### **Book Running Lead Managers**

##### **Axis Capital Limited**

Axis House, 1<sup>st</sup> Floor, C-2  
Wadia International Center  
P. B. Marg, Worli  
Mumbai 400 025  
Tel: +91 22 4325 2183  
Fax: +91 22 4325 3000  
E-mail: khadim.ipo@axiscap.in  
Investor grievance e-mail: complaints@axiscap.in  
Website: www.axiscapital.co.in  
Contact Person: Lohit Sharma

##### **IDFC Bank Limited**

Naman Chambers, C – 32, G Block  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Maharashtra, India  
Tel: +91 22 6622 2600  
Fax: +91 22 6622 2501  
E-mail: khadim.ipo@idfcbank.com  
Investor Grievance E-mail: mb.ig@idfcbank.com  
Website: www.idfcbank.com

SEBI Registration No.: INM000012029

Contact Person: Mangesh Ghogle  
SEBI Registration No.: INM000012250

### Syndicate Members

#### IDFC Securities Limited

C – 32, Naman Chambers  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Maharashtra  
Tel: +91 22 6622 2522  
Fax: +91 22 6622 2504  
E-mail: anish.damania@idfc.com  
Website: www.idfccapital.com  
Contact Person: Anish Damania  
SEBI Registration No.:  
INB231291437/INB011291433

#### Sharekhan Limited

10<sup>th</sup> Floor, Beta Building, Lodha iThink Techno Campus  
Off Jogeshwari-Vikhroli Link Road  
Next to Kanjurmarg Railway Station  
Kanjurmarg (East), Mumbai 400 042  
Maharashtra  
Tel: +91 22 6115 0000  
Fax: +91 22 6748 1899  
E-mail: ipo@sharekhan.com  
Website: www.sharekhan.com  
Contact Person: Pravin Darji/Mehul Koradia  
SEBI Registration No.:  
INB011073351/INB231073330

### Domestic Legal Counsel to our Company

#### Cyril Amarchand Mangaldas

5<sup>th</sup> Floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel  
Mumbai 400 013 Maharashtra  
Tel: +91 22 2496 4455  
Fax: +91 22 2496 3666

### Domestic Legal Counsel to the BRLMs

#### Khaitan & Co

One Indiabulls Centre  
13<sup>th</sup> Floor, Tower 1  
841 Senapati Bapat Marg  
Mumbai 400 013, Maharashtra  
Tel: +91 22 6636 5000  
Fax: +91 22 6636 5050

### Domestic Legal Counsel to the Investor Selling Shareholder

#### Cyril Amarchand Mangaldas

201, Midford House  
Midford Garden  
Off M.G. Road  
Bengaluru 560 001 Karnataka  
Tel: +91 80 2558 4870  
Fax: +91 80 2558 4266

### Statutory Auditors to our Company

#### Deloitte Haskins & Sells

Bengal Intelligent Park Building  
13<sup>th</sup> and 14<sup>th</sup> Floor, Building - Omega

Block - EP & GP Sector-V  
Salt Lake Electronics Complex  
Kolkata 700 091  
West Bengal  
Tel: +91 33 4422 1000  
Fax: +91 33 4422 1001  
E-mail: abhattacharyaa@deloitte.com  
Firm Registration No.: 302009E  
Peer review no: 007651

### **Registrar to the Offer**

#### **Link Intime India Private Limited**

C-101, 1<sup>st</sup> Floor, 247 Park  
L B S Marg  
Vikhroli West  
Mumbai 400 083, Maharashtra  
Tel: +91 22 4918 6200  
Fax: +91 22 4918 6195  
E-mail: khadim.ipo@linkintime.co.in  
Investor Grievance e-mail: khadim.ipo@linkintime.co.in  
Website: www.linkintime.co.in  
Contact Person: Shanti Gopalkrishnan  
SEBI Registration No.: INR000004058

### **Escrow Collection Bank and Public Offer Bank**

#### **HDFC Bank Limited**

FIG-OPS Department –Lodha  
1 Think Techno Campus  
O-3 Level, Next to Kanjurmarg Railway Station  
Kanjurmarg (East)  
Mumbai 400 042, Maharashtra  
Tel: +91 22 3075 2927/3075 2928/3075 2914  
Fax: +91 22 2579 9801  
E-mail: Vincent.Dsouza@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com, Prasanna.Uchil@hdfcbank.com  
Website: www.hdfcbank.com  
Contact Person: Vincent Dsouza, Siddharth Jadhav, Prasanna Uchil  
SEBI Registration No.: INBI00000063

### **Public Offer Bank and Refund Bank**

#### **Axis Bank Limited**

7, Shakespeare Sarani  
Kolkata 700 071  
Tel: +91 33 2282 9832/6634/5185  
Fax: +91 33 2282 76711  
E-mail: calcutta.branchhead@axisbank.com, joyita.kar@axisbank.com  
Website: www.axisbank.com  
Contact Person: Joyita Kar  
SEBI Registration No.: INE271391133

### **Bankers to our Company**

#### **HDFC Bank Limited**

3A Gurusaday Road  
Kolkata 700 019  
Tel: +91 33 3057 8256/8257/8293  
Fax: -

#### **ICICI Bank Limited**

3 A Gurusaday Road  
Kolkata 700 019 Tel: +91 83369 73950  
Fax: -  
E-mail: gautam.agarwal@icicibank.com

E-mail: Showanli.Mitra@hdfcbank.com  
Website: www.hdfcbank.com  
Contact person: Showanli Mitra

Website: www.icicibank.com  
Contact person: Gautam Agarwal

### **YES Bank Limited**

Stephen House Branch  
56A, Hemanta Basu Sarani  
Kolkata 700 001  
Tel: +91 33 3097 9153  
Fax: +91 33 3097 9132  
E-mail: rahuul.murarka@yesbank.in  
Website: www.yesbank.in  
Contact person: Rahuul Murarka

### **Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> or at such other website as may be updated from time to time. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

### **Syndicate SCSB Branches**

In relation to Bids (other than Bids by Anchor Investors) 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 at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

### **Registered Brokers**

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

### **Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept Bid Cum Application 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](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com), 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 <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and on the website of NSE at [http://www.nseindia.com/products/content/equities/ipo/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipo/asba_procedures.htm), as updated from time to time.

### **Experts**

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

Our Company has received written consent from the Statutory Auditors namely, Deloitte Haskins & Sells, holding a valid peer review certificate from ICAI, to include their name as expert under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus in relation to the examination report dated August 24,

2017 on the Restated Financial Statements of our Company and the statement of tax benefits dated June 30, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus. The term expert and consent thereof, does not represent an expert or consent within the meaning under the Securities Act.

### **Monitoring Agency**

Since the proceeds from the Fresh Issue does not exceed ₹ 1,000 million, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer.

### **Appraising Entity**

None of the objects for which the Net Proceeds will be utilised have been appraised by any agency.

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

The following table sets forth the inter-se allocation of responsibilities for various activities among the BRLMs for the Offer.

Sr. No	Activity	Responsibility	Co-ordinator
1.	Due diligence of our Company's operations/ management/ business plans/ legal. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing of the same and drafting and approval of all statutory advertisements	Axis, IDFC	Axis
2.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	Axis, IDFC	Axis
3.	Appointment of all other intermediaries (for example, Registrar(s), printer(s) and Banker(s) to the Offer) except for advertising agency.	Axis, IDFC	Axis
4.	Appointment of Advertising Agency including co-ordination for agreements to appoint the ad agency and filing of media compliance report to SEBI.	Axis, IDFC	IDFC
5.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (1) above including corporate advertisement, brochure	Axis, IDFC	IDFC
6.	International institutional marketing including; allocation of investors for meetings and finalising road show schedules and preparation and finalisation of the road-show presentation & frequently asked questions	Axis, IDFC	IDFC
7.	Domestic institutional marketing including banks/ mutual funds and allocation of investors for meetings and finalising road show schedules	Axis, IDFC	Axis
8.	Non-Institutional & Retail Marketing of the Offer, which will cover, inter alia: <ul style="list-style-type: none"> <li>• Formulating marketing strategies;</li> <li>• Preparation of publicity budget, finalising Media and PR strategy.</li> <li>• Finalising centres for holding conferences for brokers;</li> <li>• Finalising collection centres; and</li> </ul>	Axis, IDFC	Axis

Sr. No	Activity	Responsibility	Co-ordinator
	<ul style="list-style-type: none"> <li>Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material.</li> </ul>		
9.	Coordination with Stock Exchanges for book building process including software, bidding terminals, anchor investor intimation to stock exchanges and SEBI and 1% security deposit.	Axis, IDFC	IDFC
10.	Pricing and managing the book	Axis, IDFC	Axis
11.	Post-issue activities, which shall involve essential follow-up steps including anchor coordination, follow-up with bankers to the issue and SCSBs to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, publication of basis of allotment advertisement, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, SCSBs including responsibility for underwriting arrangements, as applicable.	Axis, IDFC	IDFC
12.	Payment of the applicable Securities Transaction Tax on sale of unlisted equity shares by the Selling Shareholders under the offer for sale included in the Offer to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004, as amended.	Axis, IDFC	IDFC
13.	Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI	Axis, IDFC	IDFC

### Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

### Trustees

As this is an offer of Equity Shares, the appointment of trustees is not required.

### Book Building Process

The book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus within the Price Band, which will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs, and advertised in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and Kolkata edition of Kalantar Patrika (a widely circulated Bengali daily newspaper, Bengali being the regional language of West Bengal where our Registered and Corporate Office is located) at least five Working Days prior to the Bid/Offer Opening Date. The Offer Price shall be determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs after the Bid/ Offer Closing Date.

**All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process.**

**In accordance with the SEBI Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not permitted 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/ Offer Period and withdraw their Bids until the Bid/ Offer**

**Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.**

**The process of Book Building under the SEBI Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.**

For further details on the method and procedure for Bidding, please see the sections entitled “Offer Structure” and “Offer Procedure” on pages 274 and 277, respectively.

### **Illustration of Book Building Process and Price Discovery Process**

For an illustration of the Book Building Process and the price discovery process, please see the section entitled “Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building and Price Discovery Process” on page 307.

### **Underwriting Agreement**

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members does not fulfil its underwriting obligations. 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 Shares:

*(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.).*

Name, address, telephone number, fax number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (₹in million)
[●]	[●]	[●]

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

In the opinion of the Board of Directors, 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 of Directors/committee of Directors, at its meeting held on [●], has approved 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 in accordance with the terms of the Underwriting Agreement.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The Equity Share capital of our Company as on the date of this Red Herring Prospectus is set forth below.

		Aggregate value at face value	Aggregate value at Offer Price
<b>A</b>	<b>AUTHORIZED SHARE CAPITAL</b>		
	60,000,000 Equity Shares of face value of ₹10 each	600,000,000	[●]
<b>B</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER</b>		
	17,298,531 Equity Shares of face value of ₹10 each	172,985,310	[●]
<b>C</b>	<b>PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS</b>		
	Offer of up to [●] Equity Shares of face value of ₹10 each <sup>(1)(2)</sup>	[●]	[●]
	of which	[●]	[●]
	Fresh Issue of [●] Equity Shares aggregating up to ₹500 million <sup>(1)</sup>	[●]	[●]
	Offer for Sale 6,574,093 Equity Shares aggregating up to ₹ [●] million <sup>(2)</sup>	[●]	[●]
<b>D</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer		₹ 761.16 million
	After the Offer		[●]
<b>E</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER</b>		
	[●] Equity Shares*	[●]	[●]

\* To be updated upon finalization of the Offer Price.

- (1) The Fresh Issue has been authorized by a resolution of our Board of Directors dated June 1, 2017 and by a special resolution of our Shareholders dated June 3, 2017.
- (2) For details of authorizations received for the Offer for Sale, please see the section entitled "The Offer" on page 50. The Equity Shares being offered by each Selling Shareholder has been held for a period of at least one year immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI, and are eligible for being offered in the Offer for Sale portion of the Offer, in terms of the SEBI Regulations.

### Notes to the capital structure

#### 1. Equity Share capital history of our Company

The history of the Equity Share capital of our Company is set forth in the table below.

Date of Allotment	No. of equity shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Cumulative Paid-up Equity Share Capital (in ₹)
December 3, 1981	225	100	100	Cash	Initial subscription to the MoA <sup>(1)</sup>	225	22,500
<i>From December 4, 1981 to May 21, 2000, 9775 Equity Shares were issued at a face value of ₹100 each.<sup>(2)</sup></i>						100,000	1,000,000
<i>Further, our Company had subdivided each equity shares of ₹ 100 each to 10 Equity Shares of ₹10 each on September 26, 1998.<sup>(3)</sup></i>							
May 22, 2000	3,000,000	10	-	-	Bonus issue in the ratio of 30 Equity Shares for every one Equity Share held <sup>(4)</sup>	3,100,000	31,000,000
September 2, 2005	5,639,308	10	10	Other than	As per scheme	8,739,308	87,393,080

Date of Allotment	No. of equity shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of transaction	Cumulative Number of Equity Shares	Cumulative Paid-up Equity Share Capital (in ₹)
				Cash	of amalgamation <sup>(5)</sup>		
August 7, 2006	2,184,830	10	10	Cash	Rights issue <sup>(6)</sup>	10,924,138	109,241,380
August 11, 2007	200,000	10	50	Cash	Preferential allotment <sup>(7)</sup>	11,124,138	111,241,380
August 11, 2007	511,100	10	90	Cash	Preferential allotment <sup>(8)</sup>	11,635,238	116,352,380
September 3, 2007	500,000	10	100	Cash	Preferential allotment <sup>(9)</sup>	12,135,238	121,352,380
October 30, 2013	36,405,714	10	-	-	Bonus issue in the ratio of three Equity Shares for each one Equity Share held <sup>(10)</sup>	48,540,952	485,409,520
<i>Pursuant to the order of the High Court at Calcutta dated March 14, 2014 and pursuant to the shareholder's resolution dated March 11, 2014 the Equity Share capital of our Company was reduced by reducing the face value of equity shares from ₹ 10 per equity share to ₹ 2.5 per equity share of our Company. For further details please see the section entitled "History and Certain Corporate Matters" on page 125.</i>						48,540,952	121,352,380
<i>Pursuant to the shareholders resolution dated June 4, 2014, Company consolidated its equity shares from face value of ₹ 2.5 each to ₹ 10 each with effect from June 4, 2014.</i>						12,135,238	121,352,380
August 1, 2014	5,163,293	10	150.03	Cash	Allotment pursuant to conversion of CCDs <sup>(11)</sup>	17,298,531	172,985,310

- (1) 100 Equity Shares were allotted to Satya Prasad Roy Burman, 50 Equity Shares were allotted to Namita Roy Burman, 25 Equity Shares were allotted to Partha Roy Burman, 25 Equity Shares were allotted to Siddhartha Roy Burman and 25 Equity Shares were allotted to Jaysree Roy Burman pursuant to their subscription of MOA.
- (2) For the allotment of these Equity Shares, our Company is unable to locate the relevant corporate records or filings made with the ROC, despite undertaking a comprehensive search of the records maintained by the ROC. Accordingly, the disclosure is based on the representations provided by the management of our Company. Please also see Risk Factor number 45 on page 32.
- (3) The disclosure in relation to the sub-division of the equity shares is based upon relevant filings made by the Company with the RoC.
- (4) Bonus Issue in the ratio of 30:1 was undertaken through capitalisation of profits of the Company. The issue of Equity Shares was as follows: 525,000 Equity Shares to Satya Prasad Roy Burman, 105,000 Equity Shares to Namita Roy Burman, 765,000 Equity Shares to Partha Roy Burman, 720,000 Equity Shares to Siddhartha Roy Burman, 285,000 Equity Shares to Jaysree Roy Burman, 150,000 Equity Shares to Basabdupta Roy Burman, 225,000 Equity Shares to Tanusree Roy Burman and 225,000 Equity Shares to Manjusree Roy Burman.
- (5) Equity Shares were allotted pursuant to a scheme of amalgamation of AAR ESS Land Development Private Limited, Colt Enterprises Private Limited, Khadim Holdings Private Limited, Khadim Industries Private Limited and Khadim Shoes Private Limited with Khadim Chain Stores Private Limited (now "Khadim India Limited"), approved by High Court at Calcutta by order dated June 22, 2005 in the following manner; 475 Equity Shares were allotted to Satya Prasad Roy Burman, 47 Equity Shares were allotted to Namita Roy Burman, 428 Equity Shares were allotted to Partha Roy Burman, 47 Equity Shares were allotted to Basabdupta Roy Burman, 428 Equity Shares were allotted to Siddhartha Roy Burman, 47 Equity Shares were allotted to Tanusree Roy Burman and 5,637,836 Equity Shares were allotted to Knightsville Private Limited. For further details, please see the section entitled "History and Corporate Matters" on page 125.
- (6) Pursuant to rights issue approved by the Board at the meeting held on March 8, 2006, 1,240,273 Equity Shares were allotted to Satya Prasad Roy Burman, 620,089 Equity Shares were allotted to Namita Roy Burman, 324,456 Equity Shares were allotted to Siddhartha Roy Burman and 12 Equity Shares were allotted to Tanusree Roy Burman. Other shareholders at that point of time did not participate in the rights issue and their rights entitled were renounced to abovementioned individuals who in turn subscribed for additional Equity Shares.
- (7) Preferential allotment of 200,000 Equity Shares to Adarshila Venture Capital Fund Limited.
- (8) Preferential allotment of 200,000 Equity Shares to Hitesh Ajmera, 200,000 Equity Shares to Karan G Mehta, 9,000 Equity Shares to Nar Narayan Saraf, 9,000 Equity Shares to Indra Saraf, 9,000 Equity Shares to Shailesh Saraf, 9,000 Equity Shares to Vandana Saraf, 9,000 Equity Shares to Nikunj Saraf, 5,000 Equity Shares to Optimum Commercial Private Limited, 11,100 Equity Shares to Anjana Parthasarathy Harikar and 50,000 Equity Shares to Concept Communication Limited.
- (9) Preferential allotment of 500,000 Equity Shares to Bennett, Coleman & Company Limited.
- (10) Bonus issue in the ratio 1:3 (three equity shares of ₹ 10 each fully paid up for every one equity share of ₹ 10 each fully paid up held in our Company) authorised by the shareholders resolution dated October 29, 2013 and allotment was made by the Board through a resolution dated October 28, 2013. Bonus Issue was undertaken from the balance of general reserve and

*the profit and loss account of the Company. The issue of Equity Shares was as follows: 26,213,487 Equity Shares to Knightsville Private Limited, 6,519,447 Equity Shares to Siddhartha Roy Burman, 2,066,400 Equity Shares to Fairwinds Trustees Services Limited acting in its capacity as the trustee of Reliance Alternative Investments Fund – Private Equity Scheme – I, 908,850 Equity Shares to Khadim Development Company Private Limited, 517,350 Equity Shares to Moviewallah Communications Private Limited, 105,000 Equity Shares to Tetenal Photocheme Private Limited, 75,000 Equity Shares to Photo Imaging Private Limited and 180 Equity Shares to Tanusree Roy Burman.*

*(11) Pursuant to SSPA and SHA, Fairwinds held 77,463,840 CCDs. Upon conversion of the CCDs, 5,163,293 Equity Shares were allotted to Fairwinds on August 1, 2014. For further details, please see the section entitled “History and Certain Corporate Matters” on page 125.*

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

Our Company has not issued any Equity Shares at a price which may be lower than the Offer Price during a period of one year preceding the date of this Red Herring Prospectus.

## 3. Issue of Equity Shares in the last two years

Our Company has not issued any Equity Shares in the two immediately preceding years.

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

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

Further, except as set out below, our Company has not issued Equity Shares for consideration other than cash. Furthermore, except as disclosed below, no benefits have accrued to our Company on account of allotment of Equity Shares for consideration other than cash.

Date of Allotment	Number of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Reason for Allotment	Benefit accrued to our Company
September 2, 2005	5,639,308	10	10	As per scheme of amalgamation <sup>(1)</sup>	Pursuant to scheme of amalgamation and order of the High Court at Calcutta our Company acquired five entities namely AAR ESS Land Development Private Limited, Colt Enterprises Private Limited, Khadim Holdings Private Limited, Khadim Industries Private Limited and Khadim Shoes Private Limited with Khadim Chain Stores Private Limited approved along with their assets and liabilities. For further details, please see the section entitled “History and Corporate Matters” on page 125.

*(1) 475 Equity Shares were allotted to Satya Prasad Roy Burman, 47 Equity Shares were allotted to Namita Roy Burman, 428 Equity Shares were allotted to Partha Roy Burman, 47 Equity Shares were allotted to Basabdutta Roy Burman, 428 Equity Shares were allotted to Siddhartha Roy Burman, 47 Equity Shares were allotted to Tanusree Roy Burman and 5,637,836 Equity Shares were allotted to Knightsville Private Limited.*

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

As on the date of this Red Herring Prospectus, our Promoters hold 10,910,978 Equity Shares, equivalent to 63.07 % of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoters' shareholding is set out below.

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

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

Name of Promoter	Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%) <sup>*</sup>
Siddhartha Roy Burman	December 3, 1981	Initial Subscription to the MoA	25	Cash	100	100	0.001%	[●]
		<i>From December 4, 1981 to May 21, 2000, 2,375 Equity Shares were issued to Siddhartha Roy Burman at a face value of ₹100 each.**</i>					0.14%	[●]
		<i>Further, our Company had subdivided each equity shares of ₹100 each to 10 Equity Shares of ₹10 each on September 26, 1998.***</i>						
	May 22, 2000	Bonus Issue	720,000	-	10	-	4.16%	[●]
	March 14, 2003	Acquisition from Satya Prasad Roy Burman	542,475	Cash	10	10	3.14%	[●]
		Acquisition from Namita Roy Burman	108,475	Cash	10	10	0.63%	[●]
	January 8, 2005	Acquisition from Jayasree Roy Burman	294,500	Cash	10	10	1.70%	[●]
		Acquisition from Manjusree Roy Burman	232,500	Cash	10	10	1.34%	[●]
	June 14, 2005	Transfer to Manjusree Roy Burman	(1)	Cash	10	10	(0.00%)	[●]
	July 1, 2005	Transfer to Knightsville Private Limited	(1,921,948)	Cash	10	4.00	(11.11%)	[●]
	September 2, 2005	Allotment as per the scheme of amalgamation	428	Other than Cash	10	1.80	0.002%	[●]
	August 7, 2006	Rights Issue	324,456	Cash	10	10	1.88%	[●]
	December 16, 2008	Transfer from Optimum Commercial Private Limited	5,000	Cash	10	107.88	0.03%	[●]
		Transfer from Indra Saraf	9,000	Cash	10	107.88	0.05%	[●]
		Transfer from Shailesh Saraf	9,000	Cash	10	107.88	0.05%	[●]
		Transfer from Nikunj Saraf	9,000	Cash	10	107.88	0.05%	[●]
		Transfer from	9,000	Cash	10	107.88	0.05%	[●]

Name of Promoter	Date of allotment/transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/ transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)*
Narayan Saraf	Transfer from Anjana Parthasarathy Hari	Narayan Saraf						
		Transfer from Anjana Parthasarathy Hari	11,100	Cash	10	110.06	0.06%	[●]
		Transfer from Vandana Saraf	9,000	Cash	10	107.88	0.05%	[●]
	March 17, 2009	Transfer from Concept Communication Limited	50,000	Cash	10	112.21	0.29%	[●]
	October 26, 2012	Transfer to Khadim Development Company Private Limited	(124,200)	Cash	10	108.00	(0.72%)	[●]
	September 16, 2013	Transfer on account of the Settlement Order from Partha Roy Burman	429	-	10	-	0.002%	[●]
		Transfer on account of the Settlement Order Basabdutta Roy Burman	48	-	10	-	0.00%	[●]
		Gift from Manjusree Roy Burman	1	-	10	-	0.00%	[●]
	September 26, 2013	Gift from Satya Prasad Roy Burman	1,240,749	-	10	-	7.17%	[●]
	October 26, 2013	Gift from Namita Roy Burman	620,137	-	10	-	3.58%	[●]
	October 30, 2013	Bonus Issue	6,519,447	-	10	-	-	[●]
<p>Pursuant to the order of the High Court at Calcutta dated March 14, 2014 and pursuant to the shareholder's resolution dated March 11, 2014 the Equity Share capital of our Company was reduced by reducing the face value of equity shares from ₹ 10 per equity share to ₹ 2.5 per equity share of our Company. For further details please see the section entitled "History and Certain Corporate Matters" on page 125.</p> <p>Pursuant to the shareholders resolution dated June 4, 2014, Company consolidated its equity shares from face value of ₹ 2.5 each to ₹ 10 each with effect from June 4, 2014.</p>								
<b>Total (A)</b>	-	-	<b>2,173,149</b>	-	-	-	<b>12.56</b>	[●]
'Knightsville Private Limited	July 1, 2005	Acquisition from Satya Prasad Roy	24	Cash	10	4.00	0.0001%	[●]

Name of Promoter	Date of allotment/transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/transfer price per Equity Share (₹)	Percentage of the pre- Offer capital (%)	Percentage of the post- Offer capital (%)*
Burman Acquisition from Namita Roy Burman Acquisition from Partha Roy Burman Acquisition from Basabdupta Roy Burman Acquisition from Siddhartha Roy Burman Acquisition from Tanusree Roy Burman September 2, 2005 As per scheme of amalgamation October 30, 2013 Bonus Issue	24 790,499 154,999 1,921,948 232,499 5,637,836 -	Burman Acquisition from Namita Roy Burman Acquisition from Partha Roy Burman Acquisition from Basabdupta Roy Burman Acquisition from Siddhartha Roy Burman Acquisition from Tanusree Roy Burman As per scheme of amalgamation Bonus Issue	Cash Cash Cash Cash Cash Cash	10 10 10 10 10 10 3.26 -	4.00 4.00 4.00 4.00 4.00 3.26 - -	0.0001% 4.57% 0.90% 11.11% 1.34% 32.59% - -	[●] [●] [●] [●] [●] [●] [●] [●]	

Pursuant to the order of the High Court at Calcutta dated March 14, 2014 and pursuant to the shareholder's resolution dated March 11, 2014 the Equity Share capital of our Company was reduced by reducing the face value of equity shares from ₹ 10 per equity share to ₹ 2.5 per equity share of our Company. For further details please see the section entitled "History and Certain Corporate Matters" on page 125.

Pursuant to the shareholders resolution dated June 4, 2014, Company consolidated its equity shares from face value of ₹ 2.5 each to ₹ 10 each with effect from June 4, 2014.

<b>Total (B)</b>	-	-	<b>8,737,829</b>	-	-	-	<b>50.51</b>	[●]
<b>Total (A+B)</b>			<b>10,910,978</b>				<b>63.07</b>	

\*To be included upon finalisation of Offer Price.

\*\*For the allotment of these Equity Shares, our Company is unable to locate the relevant corporate records or filings with the ROC, despite undertaking a comprehensive search of the records maintained by the ROC. Accordingly, the disclosure is based on the representations provided by the management of our Company. Further, we have relied on the register of members of our Company with respect to the number of Equity Shares allotted to Siddhartha Roy Burman, during this period. Please also see Risk Factor number 45 on page 32.

\*\*\*The disclosure in relation to the sub-division of the equity shares is based upon relevant filings made by the Company with the ROC.

All the Equity Shares held by the Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

Other than as disclosed in this Red Herring Prospectus, none of the Promoters have undertaken any sale of Equity Shares of the Company since incorporation.

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

S. No.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	Percentage of total Equity Share-holding (%)	No. of Equity Shares	Percentage of total Equity Share-holding
<b>Promoters</b>					

S. No.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	Percentage of total Equity Share-holding (%)	No. of Equity Shares	Percentage of total Equity Share-holding
1.	Siddhartha Roy Burman	2,173,149	12.56	[●]	[●]
2.	Knightsville Private Limited	8,737,829	50.51	[●]	[●]
	<b>Total (A)</b>	<b>10,910,978</b>	<b>63.07</b>	<b>[●]</b>	<b>[●]</b>
<b>Promoter Group</b>					
1.	Tanusree Roy Burman	60	0.0003	[●]	[●]
2.	Moviewallah Communications Private Limited	172,450	1.00	[●]	[●]
3.	Photo Imaging Private Limited	25,000	0.14	[●]	[●]
4.	Tetenal Photocheme Private Limited	35,000	0.20	[●]	[●]
5.	Khadim Development Company Private Limited	302,950	1.75	[●]	[●]
	<b>Total (B)</b>	<b>535,460</b>	<b>3.10</b>	<b>[●]</b>	<b>[●]</b>
	<b>Total (A+B)</b>	<b>11,446,438</b>	<b>66.17</b>	<b>[●]</b>	<b>[●]</b>

\*To be updated upon finalisation of the Offer Price

Shareholding of directors of Knightsville Private Limited, our Company's corporate promoter in our Company

S. No.	Name of the Shareholder	Pre-Offer		Post-Offer*	
		No. of Equity Shares	% of total Equity Share- holding	No. of Equity Shares	Percentage of total Equity Share- holding
1.	Siddhartha Roy Burman	2,173,149	12.56	[●]	[●]
2.	Tanusree Roy Burman	60	0.0003	[●]	[●]
	<b>Total (A)</b>	<b>2,173,209</b>	<b>12.56</b>	<b>[●]</b>	<b>[●]</b>

\*To be updated upon finalisation of the Offer Price

- *Details of Promoters' contribution and lock-in*
- (i) Pursuant to the SEBI Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of the Company held by the Promoters shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment, and the Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.
- (ii) Details of the Equity Shares to be locked-in for three years from the date of Allotment as minimum promoters' contribution are set forth in the table below.

Name of Promote r	Date of allotment of the Equity Shares	Date of transaction and when made fully paid-up	Nature of transacti on	No. of Equity Shares	Face Value (₹)	Issue/ acquisi tion price per Equity Share (₹)	No. of Equity Shares locked- in*	Percent age of the post- Offer paid- up capital (%)
Siddhartha Roy Burman	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Knightsville	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Name of Promoter	Date of allotment of the Equity Shares	Date of transaction and when made fully paid-up	Nature of transaction	No. of Equity Shares	Face Value (₹)	Issue/acquisition price per Equity Share (₹)	No. of Equity Shares locked-in*	Percentage of the post-Offer paid-up capital (%)
Private Limited								
<b>Total</b>							[●]	[●]

\*Subject of finalisation of the Basis of Allotment

- (iii) The Promoters have confirmed that the Promoters' contribution has been financed from their respective funds/internal accruals and no loans or financial assistance from any bank or financial institutions have been availed by them for this purpose. For details on the build-up of the Equity Share capital held by our Promoters, please see the section entitled "*-History of the Equity Share Capital held by our Promoters*" on page 62.
- (iv) Our Promoters have given consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as minimum promoters' contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the aforesaid minimum promoters' contribution from the date of filing the Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI Regulations, except as may be permitted, in accordance with the SEBI Regulations.
- (v) The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI Regulations. The Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 33 of the SEBI Regulations. In this connection, we confirm the following:
  - a. The Equity Shares offered for Promoters' contribution do not include (a) Equity Shares acquired in the three immediately preceding years for consideration other than cash, and revaluation of assets or capitalisation of intangible assets; or (b) bonus issue of Equity Shares out of revaluation reserves or unrealised profits of the Company or bonus Equity Shares issued against Equity Shares, which are otherwise ineligible for computation of Promoter's contribution;
  - b. The Promoters' contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;
  - c. The Company has not been formed by the conversion of a partnership firm into a company and hence, no Equity Shares have been issued in the one year, immediately preceding the date of the Draft Red Herring Prospectus pursuant to conversion of a partnership firm; and
  - d. The Equity Shares forming part of the Promoter's contribution are not subject to any pledge.

- *Other lock-in requirements:*

- (i) In addition to the 20% of the fully diluted post-Offer shareholding of the Company held by the Promoters and locked in for three years as specified above, the entire pre-Offer Equity Share capital of the Company will be locked-in for a period of one year from the date of Allotment, other than (i) the Equity Shares being sold in the Offer

for Sale, (ii) the Equity Shares, if any, held pursuant to allotment to employees of the Company under ESOP 2017, and (iii) any post-Offer Equity Shares held by Fairwinds in the capacity as trustee to Reliance PE Scheme I under the VCF route, which are exempt from lock-in pursuant to Regulation 37(b) of the SEBI Regulations.

- (ii) The Equity Shares held by the Promoters, which are locked-in may be transferred to and among the Promoters and members of the Promoter Group or to any new Promoter or persons in control of the Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.
- (iii) Pursuant to Regulation 39(a) of the SEBI Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such loans have been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.
- (iv) Pursuant to Regulation 39(b) of the SEBI 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 or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.
- (v) The Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the Takeover Regulations.
- (vi) Any Equity Shares Allotted to Anchor Investors under the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

## 6. Build up of Equity Shares held by the Selling Shareholders in the Company

As on the date of this Red Herring Prospectus, the Investor Selling Shareholder holds 5,852,093 Equity Shares, constituting 33.83% of the issued, subscribed and paid-up Equity Share capital of the Company.

The build up of the Equity Shares held by the Investor Selling Shareholder in the Company is set forth in the table below.

Date of allotment/transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)*
Fairwinds Trustees Services Private Limited in its capacity as trustee of Reliance PE Scheme I							
September 20, 2013	Acquisition pursuant to SSPA <sup>(1)</sup>	331,250	Cash	10	182	1.91%	[●]
September 20, 2013	Acquisition pursuant to SSPA <sup>(2)</sup>	357,550	Cash	10	182	2.07%	[●]
October 30, 2013	Bonus issue	2,066,400	-	10	-	-	[●]
<i>Pursuant to the order of the High Court at Calcutta dated March 14, 2014 and pursuant to the shareholder's</i>							

Date of allotment/transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Issue price/transfer price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)*
<i>resolution dated March 11, 2014 the Equity Share capital of our Company was reduced by reducing the face value of equity shares from ₹ 10 per equity share to ₹ 2.5 per equity share of our Company. For further details please see the section entitled “History and Certain Corporate Matters” on page 125.</i>							
<i>Pursuant to the shareholders resolution dated June 4, 2014, Company consolidated its equity shares from face value of ₹2.5 each to ₹10 each with effect from June 4, 2014.</i>							
August 1, 2014	Allotment pursuant to conversion of CCDs <sup>(3)</sup>	5,163,293	Cash	10	150.03	29.85%	[●]
<b>Total</b>		<b>5,852,093</b>				<b>33.83%</b>	<b>[●]</b>

\*To be updated upon finalisation of the Offer Price

- (1) Pursuant to SSPA Fairwinds Trustees Services Private Limited in its capacity as the trustee of Reliance Alternative Investment Fund – Private Equity Scheme - I purchased 331, 250 Equity Shares from Khadim Development Company Private Limited.
- (2) Pursuant to SSPA, Fairwinds Trustees Services Private Limited in its capacity as the trustee of Reliance Alternative Investment Fund – Private Equity Scheme - I purchased 357, 550 Equity Shares from Moviewallah Communication Private Limited.
- (3) Pursuant to SSPA and SHA, Fairwinds held 774,638,400 CCDs. Upon conversion of the CCDs, 5,163,293 Equity Shares were allotted to Fairwinds on August 1, 2014. For further details, please see the section entitled “History and Certain Corporate Matters” on page 125.

Further, as on date of this Red Herring Prospectus, the Promoter Selling Shareholder holds 2,173,149 Equity Shares, constituting 12.56% of the issued, subscribed and paid-up Equity Share capital of the Company. For details of the build-up of the Promoter Selling Shareholder, please see the section entitled “-History of the Equity Share Capital held by our Promoters” on page 62.

None of the Equity Shares being offered in the Offer for Sale portion of the Offer are pledged or otherwise encumbered.

## 7. Shareholding Pattern of the Company

The table below presents the shareholding pattern of the Company as on the date of this Red Herring Prospectus.

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (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 Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	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)			
								No of Voting Rights										
								Class (Equity)	Total	Total as a % of (A+B+C)								
(A)	Promoter & Promoter Group	7	11,446,438	-	-	11,446,438	66.17	11,446,438	11,446,438	66.17	-	-	-	11,446,438				
(B)	Public	1	5,852,093	-	-	5,852,093	33.83	5,852,093	5,852,093	33.83	-	-	-	5,852,093				
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-				
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-				
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-				
	<b>Total</b>	<b>8</b>	<b>17,298,531</b>			<b>17,298,531</b>	<b>100</b>	<b>17,298,531</b>	<b>17,298,531</b>	<b>100</b>	-	-	-	<b>17,298,531</b>				

8. Details of Equity Shareholding of the 10 largest Equity Shareholders of the Company

- (a) The 10 largest Equity Shareholders and the number of Equity Shares held by them as on (i) the date of filing of this Red Herring Prospectus, (ii) 10 days prior to the date of filing of this Red Herring Prospectus, and (iii) two years prior to the date of filing of this Red Herring Prospectus, is set forth in the table below.

No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital (%)
1.	Knightsville Private Limited	8,737,829	50.51
2.	Fairwinds	5,852,093	33.83
3.	Siddhartha Roy Burman	2,173,149	12.56
4.	Khadim Development Private Limited	302,950	1.75
5.	Moviewallah Communications Private Limited	172,450	1.00
6.	Tetenal Photocheme Private Limited	35,000	0.20
7.	Photo Imaging Private Limited	25,000	0.14
8.	Tanusree Roy Burman	60	0.0003
<b>Total</b>		<b>17,298,531</b>	<b>100</b>

9. Details of Equity Shares held by the Directors and Key Management Personnel of the Company

- (i) Details of the Equity Shares held by our Directors in our Company as on the date of this Red Herring Prospectus are set forth in the table below.

No.	Name	No. of Equity Shares	Percentage of the pre-Offer share capital (%)	Percentage of the post-Offer share capital (%))*
1.	Siddhartha Roy Burman	2,173,149	12.56	[●]

\* To be updated upon finalisation of Offer Price

- (ii) Other than Siddhartha Roy Burman, none of the other Key Management Personnel of the Company hold any Equity Shares of the Company.

10. As on the date of this Red Herring Prospectus, the BRLMs and their respective associates do not hold any Equity Shares in the Company.

11. Except as disclosed below, as on the date of this Red Herring Prospectus, the Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.

Date of allotment of the Equity Shares	No. of Equity Shares	Face value (₹)	Issue price (₹)	Nature of Consideration (case, other than cash)
September 2, 2005 <sup>(1)</sup>	5,639,308	10	10	Other than cash

<sup>(1)</sup> Equity Shares were allotted pursuant to a scheme of amalgamation of AAR ESS Land Development Private Limited, Colt Enterprises Private Limited, Khadim Holdings Private Limited, Khadim Industries Private Limited and Khadim Shoes Private Limited with Khadim Chain Stores Private Limited, approved by High Court at Calcutta by order dated June 22, 2005 in the following manner; 475 Equity Shares were allotted to S P Roy Burman, 47 Equity Shares were allotted to Namita Roy Burman, 428 Equity Shares were allotted to Partha Roy Burman, 47 Equity Shares were allotted to Basabduita Roy Burman, 428 Equity Shares were allotted to Siddhartha Roy Burman, 47 Equity Shares were allotted to Tanusree Roy Burman and 5,637,836 Equity Shares were allotted to Knightsville Private Limited. For further details, please see the section entitled "History and Corporate Matters" on page 125.

12. Except as disclosed, the Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

13. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who are Allotted Equity Shares.

14. **ESOP 2017**

Pursuant to the resolution passed by our Board on June 15, 2017 and by our Shareholders on June 17, 2017, our Company had instituted the ESOP 2017 for issue of upto 186,465 options to eligible employees which may result in issue of up to 186,465 Equity Shares. The eligible employees

include employees as defined in ESOP 2017. Grants under the ESOP 2017, will be made by the Nomination and Remuneration Committee, based on determination of eligibility criteria prescribed under the ESOP 2017 and vesting period will be indicated in the grant letter with minimum period of one year between the grant and vesting of options. After listing of the Equity Shares of our Company, the Vested Options can be exercised by an employee within the exercise period of five years from the date of such vesting, or such other period as provided in the ESOP 2017 and determined by the Board or the Nomination and Remuneration Committee. As on date of this Red Herring Prospectus, 62,876 options have been granted. Further, no options have vested or been exercised under the ESOP 2017.

Particulars	Details												
Options granted	Date of grant	September 15, 2017											
	Total options granted	62,876											
Pricing formula	20% discount on fair market value												
Exercise price of options (as on the date of grant of options)	₹ 320												
Vesting period	<p>The options shall vest over a period of 4 years in the following manner:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #cccccc; text-align: center;">Date of vesting</th> <th style="background-color: #cccccc; text-align: center;">No. of options due to be vested</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Year 1</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">Year 2</td> <td style="text-align: center;">15%</td> </tr> <tr> <td style="text-align: center;">Year 3</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">Year 4</td> <td style="text-align: center;">40%</td> </tr> </tbody> </table>			Date of vesting	No. of options due to be vested	Year 1	15%	Year 2	15%	Year 3	30%	Year 4	40%
Date of vesting	No. of options due to be vested												
Year 1	15%												
Year 2	15%												
Year 3	30%												
Year 4	40%												
Options vested (excluding the options that have been exercised)	Nil												
Options exercised	Nil												
The total number of Equity Shares that would arise as a result of exercise of options granted (including options that have been exercised)	62,876												
Options forfeited/lapsed/cancelled	Nil												
Variation of terms of options	Not applicable												
Money realized by exercise of options	Nil												
Total number of options in force	62,876												
Details of options granted to senior management personnel	<b>Sr. No.</b>	<b>Name of the Employee</b>	<b>Number of Options granted</b>										
	1.	Tapas Ghosh	6,325										
	2.	Aranya Ray	6,291										
	3.	Ishani Ray	10,501										
	4.	Indrajit Chaudhuri	6,384										
Details of options granted to any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	<b>Sr. No.</b>	<b>Name of the Employee</b>	<b>Number of Options granted</b>										
	1.	Rajib Banerjee	4,151										
	2.	Manish Chakraborty	7,567										
	3.	Kaliprasad Majumder	3,868										
	4.	Vikram Jeet Sharma	4,079										
	5.	Subir Rakshit	3,944										
	6.	Ranajit Roy	4,111										
Details of options granted to identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of	Nil												

Particulars	Details													
grant	Diluted EPS pursuant to issue of Equity Shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20 Not applicable, since the options were granted on September 15, 2017													
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	Not applicable, since the options were granted on September 15, 2017													
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 310													
Description of the method and significant assumptions used during the year to estimate the fair value of options, including weighted-average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends and the price of the underlying Equity Share in market at the time of granting of the option during the year	The fair value has been calculated using the Black Scholes Model. Significant assumptions used during the year to estimate the fair value of options are as follows: <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #cccccc;">Data</th> </tr> </thead> <tbody> <tr> <td>Standard deviation</td> <td>0.80</td> </tr> <tr> <td>Variance</td> <td>0.64</td> </tr> <tr> <td>Maturity in years</td> <td>6.00</td> </tr> <tr> <td>Risk-free rate</td> <td>0.08</td> </tr> <tr> <td>Fair market value of the underlying share in the market at the time of option grant</td> <td>₹ 400</td> </tr> <tr> <td>Exercise price</td> <td>₹ 320</td> </tr> </tbody> </table>	Data	Standard deviation	0.80	Variance	0.64	Maturity in years	6.00	Risk-free rate	0.08	Fair market value of the underlying share in the market at the time of option grant	₹ 400	Exercise price	₹ 320
Data														
Standard deviation	0.80													
Variance	0.64													
Maturity in years	6.00													
Risk-free rate	0.08													
Fair market value of the underlying share in the market at the time of option grant	₹ 400													
Exercise price	₹ 320													
Lock-in	The Equity Shares arising out of exercise of vested options shall not be subject to any lock-in after such exercise in terms of the ESOP 2017.													
Intention of the holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months after the listing of Equity Shares pursuant to the Issue	Not applicable, since no Equity Shares have been allotted on exercise of any options.													
Intention to sell Equity Shares arising out of the ESOP Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOP	Not applicable, since the options were granted on September 15, 2017													

<b>Particulars</b>	<b>Details</b>
Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	
Impact on the profits and on the Earnings Per Share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years	Not applicable, since the options were granted on September 15, 2017

15. None of the members of the Promoter Group, the Promoters or the directors of our Corporate Promoters, or the Directors and their immediate relatives have purchased or sold any securities of the Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.
16. As on the date of the filing of this Red Herring Prospectus, the total number of our Shareholders is eight.
17. Neither the Company, our Promoters, members of the Promoter Group nor the Directors have entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person. Further, the BRLMs have not entered into any buy-back, safety net and/or standby arrangements for purchase of Equity Shares from any person.
18. All Equity Shares issued pursuant to the Offer 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 Red Herring Prospectus.
19. Any oversubscription to the extent of 10% of the Offer can be retained for the purposes of rounding off to the nearest multiple of minimum allotment lot.
20. Other than with respect to the Offer for Sale by the Promoter Selling Shareholder, the Promoters and Promoter Group will not participate in the Offer.
21. There have been no financing arrangements whereby the Promoters, the directors of any Promoters, members of the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of the Company, other than in the normal course of business during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus.
22. Except any issue of Equity Shares pursuant to the ESOP 2017, 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.
23. Except any issue of Equity Shares pursuant to the ESOP 2017, the Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or qualified institutions placement, or otherwise. The foregoing restrictions do not apply to: (a) the issuance of any Equity Shares pursuant to this Offer; and (b) any issuance, offer, sale or any other

transfer or transaction of a kind referred to above of any Equity Shares under or in connection with the exercise of any options or similar securities, as disclosed in this Red Herring Prospectus and the Prospectus, provided they have been approved by our Board. Provided further that if our Company enters into acquisitions or joint ventures or if the business needs otherwise arise, we may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares for participation in such acquisitions or joint ventures or other arrangements.

24. In terms of Rule 19(2)(b)(i) of the SCRR, this is an Offer for at least 25% of the post-Offer paid-up equity share capital of the Company. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI Regulations, wherein 50% of the Offer shall be allocated on a proportionate basis to QIBs. Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price, in accordance with the SEBI Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion 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 Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price.
25. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or a combination of categories at the discretion of the Company and the Investor Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b)(i) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment proportionately towards the balance Fresh Issue, and the Equity Shares offered by the Investor Selling Shareholder and the Promoter Selling Shareholder.
26. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
27. The Company shall comply with such disclosure and accounting norms as may be specified by the SEBI from time to time.
28. Our Company shall ensure that transactions in the Equity Shares by our Promoter and the Promoter Group between the date of filing of this Red Herring Prospectus with RoC and the date of closure of the Offer shall be intimated to the Stock Exchanges within 24 hours of such transaction.
29. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, the Company, the Directors, the Promoters, members of the Promoter Group, and Group Companies, 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. Further, no payment, direct or indirect benefit in the nature of discount, commission and allowance or otherwise shall be offered or paid either by our Company or our Promoters to any person in connection with making an application for or receiving any Equity Shares pursuant to this Offer.
30. Except options to be granted under the ESOP 2017, 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 Red Herring Prospectus.

## OBJECTS OF THE OFFER

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders.

### **The Offer for Sale**

The Selling Shareholders will be entitled to the proceeds of the Offer for Sale of their respective portion of the Equity Shares after deducting their portion of the Offer related expenses and relevant taxes thereon. Our Company will not receive any proceeds from the Offer for Sale.

### **The Fresh Issue**

The Net Proceeds from the Fresh Issue are proposed to be utilised towards the following objects:

1. Prepayment or scheduled repayment of all or a portion of term loans and working capital facilities availed by our Company; and
2. General corporate purposes.

In addition to the aforementioned objects, our Company intends to strengthen its capital base and expects to receive the benefits of listing of its Equity Shares on the Stock Exchanges, including among other things, enhancing the visibility of our brand and Company.

The main objects clause of our Memorandum of Association enables our Company to undertake its existing business activities and the activities for which funds are being raised by us through the Fresh Issue.

The details of the Net Proceeds are set forth in the following table:

<b>Particulars</b>	<i>(In ₹ million)</i>
Gross proceeds of the Fresh Issue	500
<i>Less:</i> Offer expenses payable by our Company**	[●]
<b>Net Proceeds</b>	[●]

\* To be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

\*\* All expenses for the Offer shall be shared amongst the Selling Shareholders as specified in the section entitled “- Offer Expenses” on page 79.

### **Requirements of Funds**

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

<b>Particulars</b>	<i>(In ₹ million)</i>
Prepayment or scheduled repayment of all or a portion of term loans and working capital facilities availed by our Company.	400
General corporate purposes	[●]*
<b>Total</b>	[●]**

\* The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds of the Fresh Issue.

\*\* To be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

The fund requirements mentioned above are based on the current business plan of our Company and have not been verified by the BRLMs or appraised by any bank, financial institution or any other external agency. They are based on current circumstances and needs 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, financial conditions, competitive environment, changes in costs and interest or exchange rate fluctuations. Consequently, the fund requirements of our Company are subject to revisions in the future at the discretion of the management. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to availability and compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds, our management may explore a range of options including utilising our internal accruals or seeking additional debt financing.

### **Means of Finance**

We confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue. The prepayment or scheduled repayment of all or a portion of term loans and working capital facilities availed by our Company will be met through the Net Proceeds (to the extent of ₹ 400 million).

#### Schedule for Utilisation and Deployment of the Net Proceeds

(In ₹ million)

Sr. No.	Particulars	Amount proposed to be funded from Net Proceeds	Schedule of utilization	
			Fiscal 2018	
1.	Prepayment or scheduled repayment of all or a portion of term loans and working capital facilities availed by our Company	400		400
2.	General corporate purposes*	[●]		[●]

\* The amount utilised for general corporate purposes shall not exceed 25% of the Net Proceeds of the Fresh Issue. Further, to be determined on finalisation of the Offer Price and updated in the Prospectus prior to the filing with the Registrar of Companies.

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects of the Fresh Issue, as per the estimated schedule of deployment specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the aforementioned objects in accordance with applicable law.

#### Details of Utilisation of Net Proceeds

The details of utilisation of the Net Proceeds are set forth herein below:

##### 1. *Pre-payment or scheduled repayment of all or a portion of term loans and working capital facility availed by our Company*

Our Company proposes to utilise an estimated amount of ₹ 400 million from the Net Proceeds towards pre-payment or scheduled repayment of all or a portion of term loans and working capital facility availed by the Company, the details of which are listed out in the table below. Given the nature of these borrowings and the terms of repayment / pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. Further, the amounts outstanding under the loans as well as the sanctioned limits are dependent on several factors and may vary with the business cycle of the Company with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. Given the nature of these borrowings and the terms of repayment, the aggregate outstanding loan amounts may vary from time to time.

The pre-payment or scheduled repayment will help reduce our outstanding indebtedness, assist us in maintaining a favourable debt-equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion. In addition, we believe that since the debt-equity ratio of our Company will improve significantly it will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

The following table provides details of loans availed by our Company as at August 31, 2017, which we propose to pre-pay or repay, up to an amount aggregating to ₹ 400 million from the Net Proceeds:

(In ₹ million)

Name of Lenders	Nature of facility	Sanctioned Amount (₹ in million)*	Rate of interest (% p.a.)	Purpose for which the loan was sanctioned	Repayment terms and Schedule	Pre-payment clause/Penalty	Amount outstanding as on October 1, 2017 (₹ in million)*	Amount to be repaid (₹ in million)
Axis Bank	Term loan	65.60	12.15%	Financing of Panpur Factory	20 equal quarterly instalment of Rs.9.38 million each	2.00%	18.75	18.75
Axis Bank	Cash Credit	60.00	11.30%	Working capital	On Demand	Nil	43.11	21.25
HDFC Bank	Short Term	350.00	9.75%	Working capital	Rs.50 million after	Nil	300.00	300.00

Name of Lenders	Nature of facility	Sanctioned Amount (₹ in million)*	Rate of interest (% p.a.)	Purpose for which the loan was sanctioned	Repayment terms and Schedule	Pre-payment clause/Penalty	Amount outstanding as on October 1, 2017 (₹ in million)*	Amount to be repaid (₹ in million)
	loan				90 days Rs.50 million after 120 days Rs.50 million after 180 days Rs.200 million after 300 days			
ICICI Bank	Demand Loan	60.00	11.90%	Working capital	On Demand	Nil	60.00	60.00
<b>Total</b>								<b>400.00</b>

\*As certified by Soumya Dutta & Associates, Chartered Accountants (firm registration number FRN 322220E) through their certificate dated October 10, 2017.

**Details of Utilisation of Loan:** As certified by Soumya Dutta & Associates, Chartered Accountants, through their certificate dated October 10, 2017, the borrowings set out in the table above have been utilised for the purpose they were availed, as detailed above, and as stipulated in each of the relevant borrowing documents.

For further details in relation to the terms and conditions under the aforesaid loan agreements as well as restrictive covenants in relation thereto, please see the section entitled “*Financial Indebtedness*” on page 220. Our Company may avail further loans after the date of filing of this Red Herring Prospectus.

If at the time of utilization of the Net Proceeds, any of the above mentioned loans are repaid in part or full or refinanced or if any additional amounts are drawn down on the working capital borrowing or if the limits under the working capital borrowing are increased, then the Company will utilize the Net Proceeds to pre-pay or repay such refinanced or additional debt, not exceeding ₹ 400 million.

### **General Corporate Purposes**

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such utilisation not exceeding 25% of the Net Proceeds, in compliance with the SEBI Regulations, including but not limited to setting up stores, entering into strategic initiatives, meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act. Our Company’s management, in accordance with the policies of the Board, will have flexibility in utilising any surplus amounts.

### **Offer Expenses**

The total Offer related expenses are estimated to be approximately ₹ [●] million. The Offer related expenses comprise listing fees, underwriting fees, selling commission and brokerage, fees payable to the BRLMs, legal counsels, Registrar to the Offer, Escrow Collection Bank including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

Other than expenses in relation to the legal counsel to the Company (other than for the Offer), and auditors of the Company (to the extent of statutory audit required under the Companies Act, 2013), which will be paid by the Company, all the expenses incurred in relation to the Offer shall be shared pro rata by the Promoter Selling Shareholder, the Investor Selling Shareholder and the Company in proportion to the Equity Shares offered by each of them in the Offer. For the avoidance of doubt, it is hereby clarified that the expenses related to the legal counsels appointed by the Company for the Offer and the professional fees of the auditors in relation to restatement of the accounts as required under the ICDR Regulations shall be shared pro rata by the Promoter

Selling Shareholder, the Investor Selling Shareholder and the Company in proportion to the Equity Shares offered by each of them in the Offer. In the event of withdrawal of the Offer, all costs and expenses with respect to the Offer shall be borne solely by the Company. Upon the successful completion of the Offer, each Selling Shareholder agrees that it shall reimburse the Company for any expenses incurred by the Company on behalf of the respective Selling Shareholder.

The break-up for the Offer expenses are as follows:

Activity	Estimated expenses* (in ₹ million)	As a % of the total estimated Offer expenses*	As a % of the total Offer size*
BRLMs fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Commission/processing fee for SCSBs** and Bankers to the Offer	[●]	[●]	[●]
Brokerage and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs***	[●]	[●]	[●]
Registrar to the Offer	[●]	[●]	[●]
Other advisors to the Offer	[●]	[●]	[●]
Others	[●]	[●]	[●]
- Listing fees, SEBI filing fees, book building software fees	[●]	[●]	[●]
- Printing and stationary	[●]	[●]	[●]
- Advertising and marketing expenses	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	<b>[●]</b>	<b>[●]</b>	<b>[●]</b>

\* Amounts will be finalised at the time of filing the Prospectus and upon determination of Offer Price and other details.

\*\* Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the SCSBs would be as follows:

Portion for Retail Individual Bidders <sup>#</sup>	0.35% of the Amount Allotted (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	0.20% of the Amount Allotted (plus GST)

<sup>#</sup> Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

No additional uploading/processing charges shall be payable by the Company and the Selling Shareholders to the SCSBs on the Bid cum Application Forms directly procured by them.

The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Brokers/RTAs/CDPs and submitted to SCSBs for blocking would be as follows.

Portion for Retail Individual Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)

<sup>#</sup>Based on valid Bid cum Application Forms.

\*\*\* Selling commission on the portion for Retail Individual Bidders and the portion for Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate members), RTAs and CDPs would be as follows:

Portion for Retail Individual Bidders <sup>#</sup>	0.35% of the Amount Allotted (plus applicable GST)
Portion for Non-Institutional Bidders <sup>#</sup>	0.20% of the Amount Allotted (plus applicable GST)

<sup>#</sup>Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

In addition to the selling commission referred above, any additional amount(s) to be paid by the Company and Selling Shareholders to any of the syndicate/sub-syndicate members shall be, as mutually agreed upon by the BRLMs, their affiliate Syndicate Members, the Company and Selling Shareholders.

The brokerage/selling commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number/series, provided that the Bid-cum-Application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid for by an SCSB, the brokerage/selling commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.

The payment of brokerage/selling commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective Sub-Syndicate Member and the necessary records for the same shall be maintained by the respective Sub-Syndicate Member.

The brokerage/selling commission payable to the RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.

*Bidding Charges: ₹ 10.00 per valid application (plus applicable GST) bid on the portion for Retail Individual Bidders and Non-Institutional Bidders by the members of the Syndicate (including their sub-Syndicate members), RTAs and CDPs. The bidding charges payable to the Syndicate / sub-Syndicate members, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of BSE or NSE.*

*Selling commission payable to the Registered Brokers on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and uploaded on the electronic bidding system of the Stock Exchanges would be as follows:*

Portion for Retail Individual Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)
Portion for Non-Institutional Bidders <sup>#</sup>	₹ 10.00 per ASBA Form (plus GST)

<sup>#</sup>Based on valid Bid cum Application Forms.

### **Interim use of Net Proceeds**

Our Company, in accordance with the policies established by the Board from time to time, will have flexibility to deploy the Net Proceeds. The Net Proceeds of the Offer pending utilisation for the purposes stated in this section, shall be deposited only in scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### **Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities including any other short-term instrument like non convertible debentures, commercial papers, etc. pending receipt of the Net Proceeds.

### **Monitoring Utilization of Funds**

Since the proceeds from the Fresh Issue do not exceed ₹1,000 million, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer. Our Board and Audit Committee will monitor the utilisation of the proceeds of the Fresh Issue. Our Company 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 unutilised Net Proceeds in the balance sheet of our Company for the relevant fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall disclose to the Audit Committee of the Board of Directors the uses and applications of the Net Proceeds. Our Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee of the Board of Directors, as required under applicable law. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the proceeds of the Fresh Issue from the objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the utilisation of the proceeds from the Fresh Issue from the objects of the Fresh 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 of the Board of Directors.

### **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 Offer 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 and Corporate 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 prescribed under the SEBI Regulations.

### **Appraising Entity**

None of the objects of the Fresh Issue for which the Net Proceeds will be utilised have been apprised by any banks, financial institution or other external agency.

#### **Other Confirmations**

Other than the proceeds of the Offer for Sale, payable to Siddhartha Roy Burman, one of our Promoters, no part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Group Companies, except in the normal course of business and in compliance with applicable law.

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹10 each and the Offer Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

### Qualitative Factors

Some of the qualitative factors and our strengths which form the basis for the Offer Price are:

1. A leading footwear brand, offering affordable fashion across various price segments
2. Strong design capabilities to maintain seasonal trends and leading premiumisation through sub-brands
3. Two pronged market strategy that straddles efficiently across retail and distribution models
4. Extensive geographical reach and penetration across East and South India
5. Asset light model leading to higher operating leverage
6. Experienced Promoters supported by professionally qualified, experienced and entrepreneurial management team

For further details, see the sections entitled “*Our Business*” and “*Risk Factors*” on pages 104 and 14, respectively.

### Quantitative Factors

The information presented below relating to our Company is based on the Restated Financial Statements prepared in accordance with Indian GAAP, the Companies Act, 1956 and the Companies Act, 2013 and restated in accordance with the SEBI Regulations.

For details, see the section entitled “*Financial Statements*” on page 160.

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

#### 1. Basic and Diluted Earnings/Loss per Share (“EPS”)

As per our Restated Financial Statements:

Year/Period ended	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	17.78	17.78	3
March 31, 2016	14.59	14.59	2
March 31, 2015	-11.98	-10.79	1
<b>Weighted Average</b>	<b>11.76</b>	<b>11.96</b>	
Three month period ended June 30, 2017*	4.11	4.11	

\* Not annualised

Notes:

1. *Earnings per share calculations are done in accordance with Accounting Standard 20 Earnings Per Share ('AS 20'), notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014*
2. *The face value of each Equity Share is ₹10.*
3. *Basic Earnings per share = Net Profit/(loss) after tax, as restated, attributable to equity shareholders/ Weighted average number of equity shares outstanding during the quarter/year*
4. *Diluted Earnings per share = Net Profit/(loss) after tax, as restated, attributable to equity shareholders / Weighted average number of diluted equity shares outstanding during the quarter/year*

2. Price Earning Ratio (P/E) in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share of the face value of ₹10 each

Particulars	As per our Restated Financial Statements
P/E ratio based on Basic EPS for the financial year ended March 31, 2017 at the Floor Price:	[●]
P/E ratio based on Diluted EPS for the financial year ended March 31, 2017 at the Floor Price:	[●]
P/E ratio based on Basic EPS for the financial year ended March 31, 2017 at the Cap Price:	[●]
P/E ratio based on Diluted EPS for the financial year ended March 31, 2017 at the Cap Price:	[●]

#### Industry P/E ratio

	P/E
Highest	68.00
Lowest	50.62
Average	59.47

Note:

The industry high and low has been considered from the industry peer set provided later in this chapter. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see “– Comparison with listed industry peers” on page 85.

3. Return on Net Worth (RoNW)

Return on net worth as per Restated Financial Statements:

Period/Year ended	RONW (%)	Weight
March 31, 2017	16.61%	3
March 31, 2016	16.35%	2
March 31, 2015	-14.45%	1
<b>Weighted Average</b>	<b>11.35%</b>	
Three months ended June 30, 2017*	3.70%	

\* Not annualised

$$\text{RoNW (\%)} = \frac{\text{Net Profit/Loss after tax (as restated)attributable to equity shareholders}}{\text{Net worth at the end of the quarter/year}} * 100$$

4. Minimum Return on Total Net Worth after Offer needed to maintain pre-Offer EPS for the financial year ended March 31, 2017

#### a) For Basic EPS

Particulars	(%)
At the Floor Price	[●]
At the Cap Price	[●]

#### b) For Diluted EPS

Particulars	(%)
At the Floor Price	[●]
At the Cap Price	[●]

5. Net Asset Value (NAV) per Equity Share

Particulars	NAV (₹)
As on March 31, 2017	107.04
As at June 30, 2017	111.14
After the Offer	
- At the Floor Price	[●]
- At the Cap Price	[●]
Offer Price	[●]

Notes:

- Offer Price per Equity Share will be determined on conclusion of the Book Building Process.
- Net Asset Value per Equity Share represents Net worth at the end of the year / Total number of Equity Shares outstanding at the end of year.

## 6. Comparison with listed industry peers

Following is the comparison with branded footwear peer companies listed in India and with size of company and portfolio of products which may be comparable to ours:

Name of the company	Total Revenue (₹ in million)	Face Value per Equity Share (₹)	P/E	EPS (Basic) (₹)	Return on Net Worth (%)	Net Asset Value/ Share (₹)
Company*	6,255.47	10	[●]	17.78	16.61	107.04
<b>Peers</b>						
Bata India Limited^	25,503.56	5	59.78	12.37 <sup>(1)</sup>	12.00 <sup>(2)</sup>	103.04 <sup>(3)</sup>
Relaxo Footwears Limited**	17,435.7	1	50.62	10.24 <sup>(1)</sup>	20.33 <sup>(2)</sup>	50.34 <sup>(3)</sup>
Liberty Shoes Limited***	4,978.63	10	68.00	3.75 <sup>(1)</sup>	3.94 <sup>(2)</sup>	95.20 <sup>(3)</sup>

\* Based on Restated Financial Statements as on and for period ended March 31, 2017

\*\* Source: Audited standalone financials prepared under Indian GAAP and submitted to stock exchanges for fiscal period ended March 31, 2017

\*\*\* Source: Audited consolidated financials prepared under Indian GAAP and submitted to stock exchanges for fiscal period ended March 31, 2017

^ Source: Consolidated IND (AS) audited financials submitted to stock exchanges for fiscal period ended March 31, 2017

Notes:

(1) Basic Earnings per share as reported in the relevant audited financials for FY 2017.

(2) Return on Net Worth (%) = Net profit after tax / Net worth at the end of the year

(3) Net Asset Value per Equity Share represents Net worth at the end of the year / Total number of equity shares outstanding at the end of year.

(4) P/E figures for the peer is computed based on closing market price as on October 6, 2017, of relevant peer companies as available at NSE, (available at [www.nseindia.com](http://www.nseindia.com)) divided by Basic EPS for FY 17 reported as mentioned in Note(1) above

## 7. The average cost of acquisition of Equity Shares by our Promoters, Siddhartha Roy Burman and Knightsville Private Limited is ₹ 6.55 and ₹ 3.52, respectively.

The Offer Price of ₹ [●] has been determined by our Company and the Investor Selling Shareholder in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. Our Company, the Investor Selling Shareholder and BRLMs believe that the Offer Price of ₹ [●] is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with “Risk Factors”, “Business” and “Financial Statements” on pages 14, 104 and 160, 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

June 30, 2017

To

**The Board of Directors**

Khadim India Limited

Kankaria Estate, 5th Floor

6, Little Russell Street

Kolkata 700 071

Dear Sirs,

We refer to the proposed issue of the shares of Khadim India Limited (“the Company”). We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961, as applicable to the assessment year 2018-19 relevant to the financial year 2017-18 for inclusion in the Draft Red Herring Prospectus (“DRHP”), Red Herring Prospectus (“RHP”) and Prospectus (together the “Offer Documents”) for the proposed issue of shares.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Income-tax Act, 1961. Hence the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

- The Company or its shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/ would be met;
- The revenue authorities/ courts will concur with the views expressed herein.

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the Offer Documents for the proposed public issue of shares which the Company intends to submit to the Securities and Exchange Board of India, registrar of Companies and stock exchanges provided that the below statement of limitation is included in the Offer Document.

### LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.

This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities and Exchange Board of India (“SEBI”) (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

For Deloitte Haskins & Sells  
Chartered Accountants  
ICAI Firm Registration Number: 302009E

A.Bhattacharya  
Partner  
Membership no. 054110  
Kolkata

## **Annexure**

Statement of possible special tax benefits available to Khadim India Limited (“the Company”) and to its shareholders.

### **1. Under the Income-tax Act, 1961 (“the Act”)**

#### **A. Special tax benefits available to the Company**

There are no special tax benefits available the Company.

#### **B. Special tax benefits available to the shareholders of the Company**

There are no special tax benefits available to the shareholders of the Company.

Notes:

1. The above is position as per the current tax law as amended by the Finance Act, 2017.
2. We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India. Each investor is advised to consult its own tax consultant for taxation in any country other than India.

## SECTION IV: ABOUT OUR COMPANY

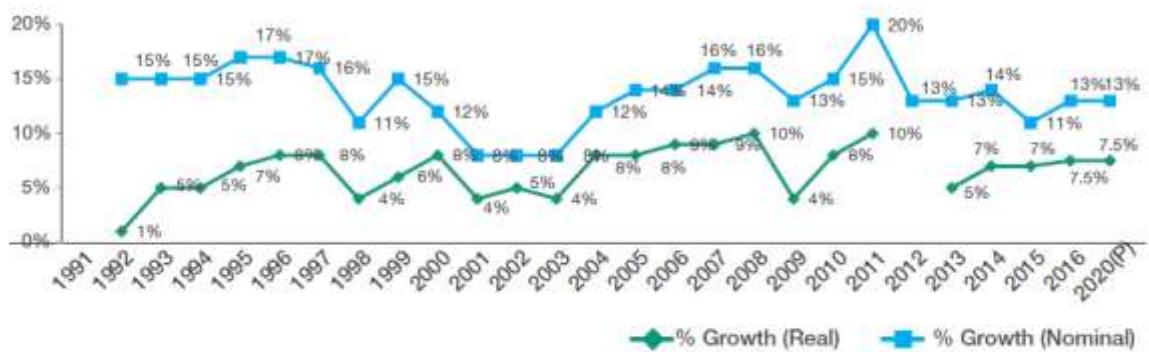
### INDUSTRY OVERVIEW

*Unless specified otherwise, the information in this section has been obtained or derived from the “Industry Report on Indian Footwear Industry” of June 2017 by Technopak (“**Technopak Report**”). All information contained in the Technopak Report has been obtained by Technopak from sources believed by it to be accurate and reliable. None of the Company, the Selling Shareholders, the BRLMs or any other person connected with the Offer has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on or base their investment decision on this information.*

#### **Indian Economy: Macroeconomic Outlook**

Economic reforms during early 1990s catapulted the Indian economy on a high growth path. India registered a real GDP growth of about 9.5% in the period FY 2006-2008 and averaged 8% from FY 2006-2011. The Indian economy has a significant presence on the global economic stage. During FY 2010 to FY 2016, India’s Real GDP grew at a CAGR of 7.3% and at 7.5% during FY 2015-2016, making it the fastest growing major economy in the world. India’s GDP was 2.5% of world GDP in FY 2013 and it is expected to rise to 3.1% and 3.8% of world GDP in FY 2016 and FY 2021, respectively. IMF has pegged India’s real GDP growth between 7.5% - 7.7% for FY 2016-20. IMF and other agencies have predicted India to be in the top three global economies by FY 2050.

#### *Historical GDP Growth (%) Fiscal Years*



Source : RBI data, Economic Survey, World Bank, EIU, IMF, Technopak Analysis

2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well

<sup>a</sup>Real GDP growth projected by leading int'l. institutions:

IEU – 7.2%-7.4% (FY 16-20)  
World Bank – 7.8%-7.9% (FY 16-17)  
IMF – 7.5%-7.7% (FY 16-20)

Sustained high Real GDP growth of over 6% since 1991, has led to a fundamental transformation of the Indian economy. India was close to the US\$ 1 trillion GDP mark at US\$ 967 billion in FY 2010 and doubled it to US\$ 1,872 billion by FY 2015. At a projected nominal GDP growth rate of 13% in the period FY 2016-20, India is expected to become a US\$ 3.5 trillion economy by FY 2020.

#### *Key growth drivers*

India is a consumption led economy with private consumption forming ~ 60% of GDP. Increasing aspirations and affordability will continue to drive consumption. Further, the Indian Government’s focus on skill

development, job creation, infrastructure, manufacturing and investments will act as pull up factors for India's inclusive growth agenda. Several factors will continue to drive the consumption and contribute to the economy, which include:

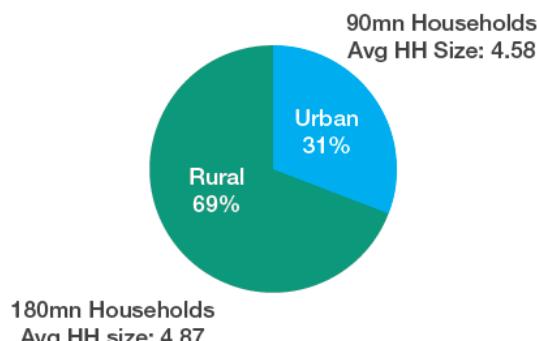
- Favorable demographics, dropping dependency ratio, rapidly rising education levels and steady growth of urbanization
- Growing young and working population
- Increasing penetration of mobile technology and internet infrastructure that is altering consumption and broadbasing it across the country

Globally India is seen as one of the key consumer markets from where future growth is likely to emerge. It is estimated that India's consumption expenditure will increase to US\$ 2,000 billion by FY 2020 and will surpass the consumption expenditure of developed economies like Italy, France and United Kingdom. By FY 2030, India is expected to rank among the top five economies in terms of consumption.

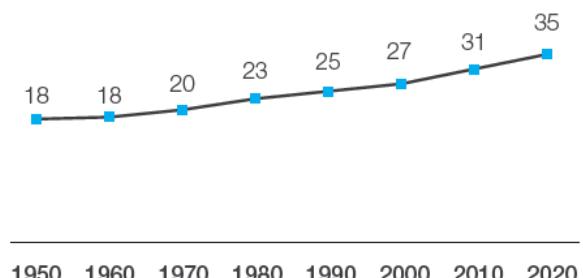
#### *Increasing Urbanization*

Urbanization in India began to accelerate after independence. Growth of industries contributed to the growth of cities leading to migration of people towards industrial areas in search of employment opportunities. This resulted in the growth of towns and cities. Other factors such as better standard of living, education opportunities etc., are the other drivers of this change. The official figures of urbanization currently stands at ~32%, however in reality it is believed this number is much higher because of the way urban centers are defined to include many rural and semi - rural pockets that have become urban centres.

*Urban rural split of Indian population – 2011*



*Urban as a share of total population (%)*



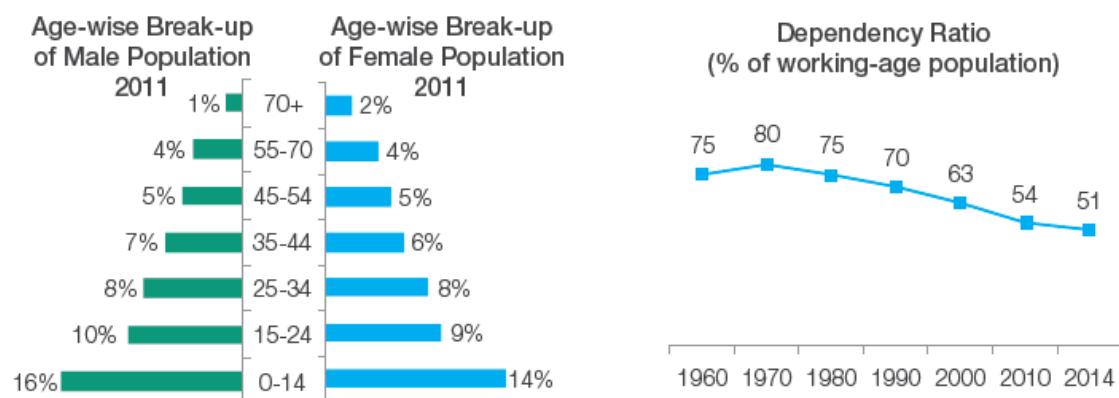
Source: The census of India 2011, Technopak Analysis

#### *Young Demographics and Reducing Dependency Ratio*

India is a young country and will continue to remain young. The young India will continue to drive India's growth story:

- ~65% of the population is below 35 years of age and ~78% of the population is below 45 years of age
- The median age in India is 27 years in FY 2011 which is expected to become 29 years in FY 2025. Compared to other top 10 economies (including China), India has the lowest median age and the trend will be even more pronounced in next two decades as most other populations age. The dependency ratio has continuously decreased from 80% in FY 1970 to ~50% in FY 2014
- This young generation is more aspirational, well-connected and networked, tech-savvy and has high spending power. This young population with rising incomes will have a significant impact on retailing and consumption of many categories and products as this class will be consuming more number of lifestyle categories than their parents

### Age-wise Population Break Up and Dependency Ratio



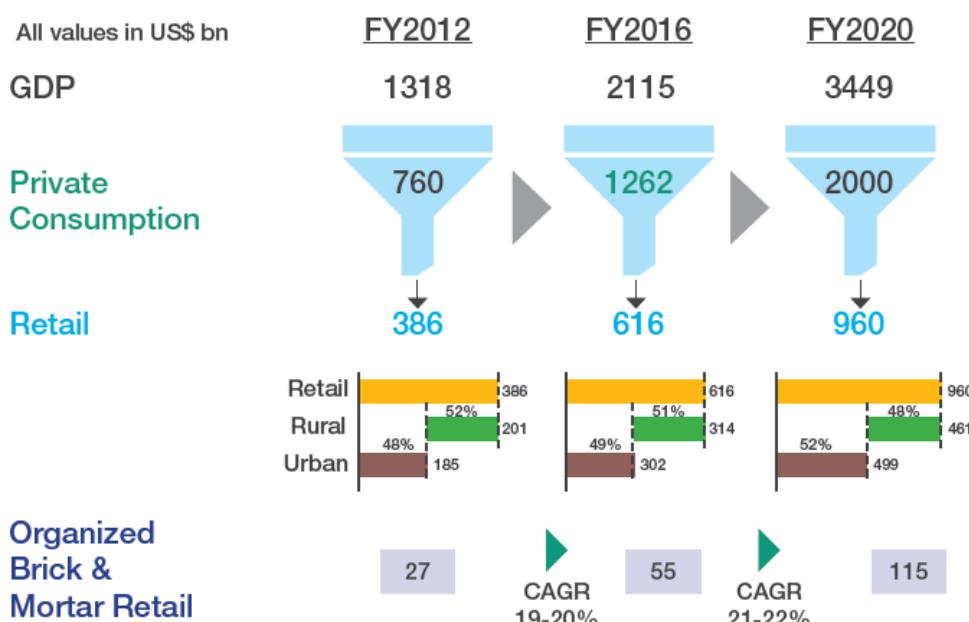
Source: The census of India 2011, Technopak Analysis  
[Http://censusindia.gov.in/2011-prov-results/data\\_files/india/final\\_ppt\\_2011\\_chapter3.Pdf](http://censusindia.gov.in/2011-prov-results/data_files/india/final_ppt_2011_chapter3.Pdf)  
The rest of world's population is taken where it is available  
Source: united nations database

Age dependency ratio is the ratio of dependents--people younger than 15 or older than 64--to the working-age population--those ages 15-64. Data are shown as the proportion of dependents per 100 working-age population.

### Distribution of Merchandise Consumer Spending

In 2016, India's GDP is estimated at ~US\$ 2,115 billion, of which private consumption constituted 60%. Retail constitutes ~50% of private consumption. India's GDP growth will therefore translate to an increase in merchandise retail market, from the current ~US\$ 616 billion to US\$ 960 billion by FY 2020. Share of urban retail is expected to grow from 49% in FY 2016 to 52% in FY 2020 due to increasing urbanisation, higher increase in urban household income, rural distress due to erratic monsoon and increasing penetration of organized retail in urban centres. Organized brick and mortar retail (which is largely concentrated in urban India) was 9% of total retail (US\$ 55 billion) in FY 2016 and this is expected to become 12% (US\$ 115 billion) by FY 2020 and was 7% of total retail in FY 2010.

#### Distribution of Merchandise Consumer Spending



Source: Technopak Research & Analysis

## Retail Consumption Across Key Categories

Currently, the food and groceries (“**F&G**”) segment forms the major share of the retail market (67%). F&G will continue to be the dominant contributor in the retail market even four years hence with 66% share in 2020. Apparel and accessories, and consumer electronics are the other two key categories which account for 8% and 6% of retail, respectively.

Categories	2012	2016	2020
<b>Total Retail (US\$ bn)</b>	<b>386</b>	<b>616</b>	<b>960</b>
Food and Grocery	67.5%	67%	66%
Apparel & Accessories*	8.25%	8.0%	7.75%
Footwear	1.15%	1.18%	1.30%
Jewellery & Watches	7.3%	7.6%	8.05%
Pharmacy & Wellness	2.8%	2.9%	2.95%
Consumer Electronics	5.2%	5.7%	6.6%
Home & Living	4.15%	4.3%	4.35%
Others	~3.6%	~3.3%	~3.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Accessories includes Bags, Belts, Wallets ;

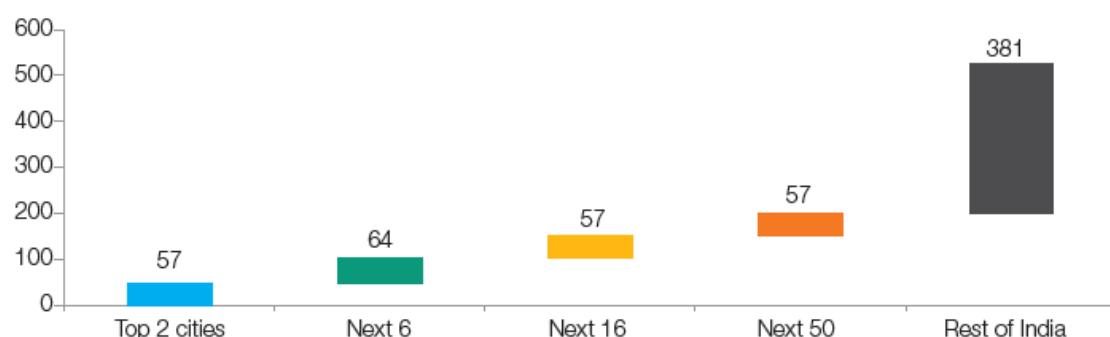
\* Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.

1 US\$ = INR 67

Source: Technopak Research & Analysis

## Share of Retail Consumer Spending In Cities

India retail spend of US\$ 616 billion in 2016 across different city and region types



Top 2 Cities: Delhi and Mumbai

Next 6 Cities: Bangalore, Chennai, Hyderabad, Ahmedabad, Pune, Kolkata

Next 16 Cities: Surat, Jaipur, Lucknow, Nagpur, Patna, Indore, Coimbatore, Vadodara, Ludhiana, Bhopal, Kochi, Vishakapatnam, Madurai, Nashik, Jamshedpur, Guwahati

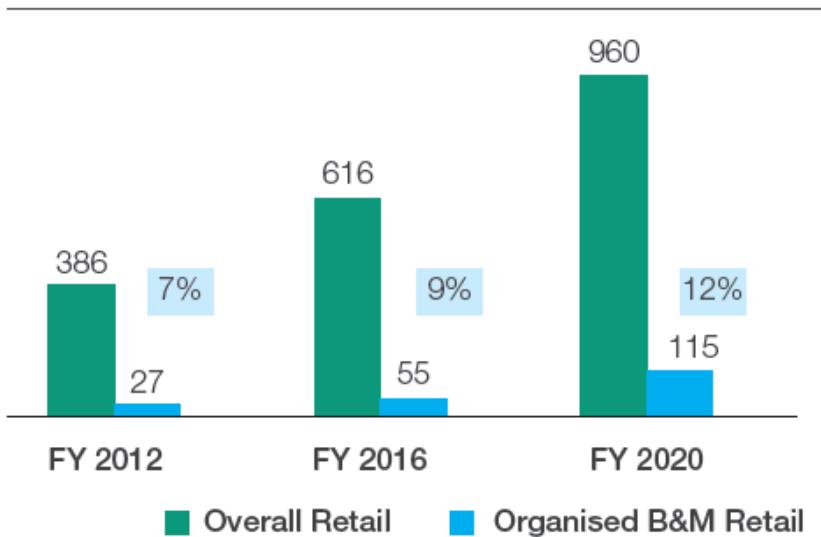
Source: Technopak Research & Analysis

Delhi and Mumbai clusters contribute about 9% of India's total retail spending. Top 22 cities account for 29% of total retail, and top 72 cities account for almost 39%.

## Organized Retail and Category Consumption

While organized retail, primarily brick and mortar, has been in India for two decades, its contribution to total retail is low at 9% (US\$ 55 billion) in FY 2016. The organized retail penetration was only ~7% in FY 2012.

*Overall retail market (US\$ billion)*



1 US\$ = INR 67

Source: Technopak Research & Analysis

#### Organised Retail – Inter Category Penetration

FY 16 (US\$ bn)	Share of Retail	Retail Size	% of Organized Retail	Organized Market Sized (US\$ bn)	Key Retailers
Food and Grocery	67%	413	3%	13	DMart, Reliance Fresh, More, Big Bazaar
Apparel & Accessories*	8%	49.25	22%	10.85	Shoppers Stop, Lifestyle, Westside
Jewellery & Watches	7.60%	46.8	27%	12.65	Kalyan Jewellers, Tanishq, Malabar
CDIT	5.70%	35	25%	8.78	Croma, Reliance Digital, eZone
Home & Living	4.30%	26.5	10%	2.65	Home Centre, Home Stop, Home Town
Pharmacy & Wellness	2.90%	17.8	10%	1.8	Apollo, MedPlus
Footwear	1.18%	7.2	26%	1.9	Khadims, Bata India, Metro Shoes, Adidas
Others	3.3%	20.3	12%	2.45	
<b>Total</b>	<b>100%</b>	<b>616</b>	<b>9%</b>	<b>~55</b>	

\* Accessories includes Bags, Belts, Wallets ;

\* Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.

1 US\$ = INR 67

Source: Technopak Research & Analysis

Footwear has the highest organised penetration at 26% whereas F&G is the least penetrated, with 3% organized share. Apparel and accessories, jewellery, and consumer durables and IT, reflect a penetration of 22%, 27% and 25%, respectively. The key formats that mark the organized pie of brick and mortar organised are:

- Multi brand retail chains: Highly fragmented with several national and regional chains
- Single brand retail chains: Highly fragmented with several brand stores specially in apparel and

- lifestyle, and consumer durables and IT space
- Modern independent retail stores: These are standalone stores which have upgraded themselves into organized stores

#### *Organized penetration across key categories*

Categories	FY 2012	FY 2016	FY 2020
Total Organized Retail (US\$ bn)	27	55	115
Food and Grocery	1.5 %	3%	5%
Apparel & Accessories*	20%	22%	32.5%
Footwear	24%	26%	29%
Jewellery & Watches	26%	27%	30%
Pharmacy & Wellness	8%	10%	12%
Consumer Electronics	23%	25%	32%
Home & Living	8%	10%	12%
Others	10%	12%	16%

*Accessories includes Bags, Belts, Wallets;*

*Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.*

*1 US\$ = INR 67*

*Source: Technopak Research & Analysis*

The increased focus from general merchandise players shall also drive offtake of apparel and footwear within the value segment resulting in further increase of organized penetration within apparel and footwear segment. Further, Indian footwear retailers too will leverage the growth to increase retail penetration. Combining the above factors will result in 12% organized penetration in FY 2020 and the footwear organized pie will increase from 26% to 29% penetration in FY 2020.

#### *Size of organized retail across categories*

Categories	FY 2012	FY 2016	FY 2020
Total Organized Retail (US\$ bn)	27	55	115
Food and Grocery	4	13	31
Apparel & Accessories*	6.37	10.8	24
Footwear	1	1.9	3.7
Jewellery & Watches	7.3	12.65	23
Pharmacy & Wellness	0.87	1.8	3.3
Consumer Electronics	4.6	8.7	20
Home & Living	1.28	2.65	5
Others	1.4	2.45	5

*Source: Secondary research, Industry reports, Technopak Research & Analysis*

*1 US\$ = INR 67*

Modern retail journey in India in general merchandise retail started to take off in the early 2000s. The period uphill 2006 can be classified as the period of entry and rapid expansion. Many conglomerates sensed retail as a growth opportunity and entered the business. Some vertically integrated players in fashion, food and real estate also entered modern retail business. The initial aim was to grow foot prints in the form of number of stores. The expansion was largely driven by multi-category presence and multi -city presence across regions. Since 2010, the brick retailing industry went through a period of consolidation and focus. Growth of E-commerce also

promoted retailers to revisit their strategies. Electronics focused brick formats and home focused stores for instance came under pressure. Apparel and footwear segment has been the harbinger of organized retail in India. Along this journey, footwear retailers have garnered learnings and retailers that have adopted (i) relevant merchandise offering, (ii) expansive city penetration, (iii) robust distribution network, and (iv) optimum store size have witnessed traction in scale along with profitability. Metro, Relaxo, Bata and Khadim have demonstrated growth and profitability through focus on these key business elements.

### **E-tailing in India – Market Size and Evolution**

E-tail in India is on a rapid growth trajectory and is expected to reach 8% to 9% of total retail by FY 2025. E-tail in India shall mirror the growth witnessed in China owing to a) low penetration of organized retail and b) dominance of web-only E-tailers. Technopak projects this opportunity to reach 8-9% (US\$ 135-155 billion) of retail by FY 2025 from 2% in FY 2016 (US\$ 12.3 billion). Currently, E-tail market in India is 2% (US\$ 12.3 billion) of the overall retail market and is projected to be 4%-6% (US\$ 40-60 billion) of overall retail market by FY 2020.

#### *India's E-tail penetration of Key Categories*

Categories	FY 2016		
	Retail Size US\$ bn	E-tail Size US\$ bn	E-tail Penetration
Electronics	35	5.25-5.95	15%-17%
Apparel & Lifestyle	49	2.9-3.45	6%-7%
Footwear	7.2	0.18	2.5%
Home & Living	26.5	0.53	2%
Food & Grocery	413	0.12	0.03%
Overall Market	616	12.3	2%

*Source : Secondary research, Industry reports, Technopak Research & Analysis  
1 US\$ = INR 67*

The online penetration of footwear stands at 2.5% in FY 2016.

### **Indian Footwear Market**

#### **Domestic Footwear Market in India**

*Domestic footwear market in India at retail price (in US\$ billion)*



*Source: Secondary research, Corporate Interviews , Technopak Analysis  
1 US\$= INR 67*

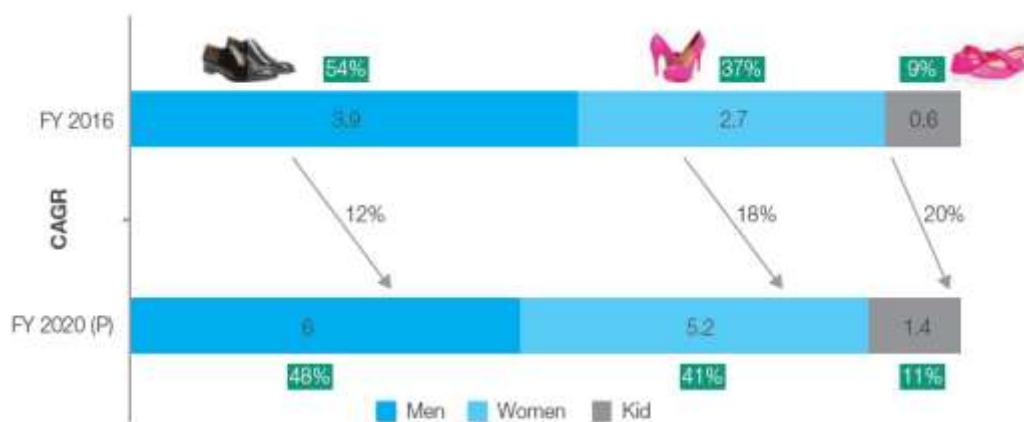
The domestic footwear market in India is projected to grow at a CAGR of 15% to reach US\$ 12.6 billion by FY 2020 from US\$ 7.2 billion in FY 2016. The key drivers for the footwear segment will be: a) increased adoption owing to versatility in usage, and b) shift from unbranded to branded.

Men's footwear currently dominates this market with ~54% share, however women's segment will outpace the men's growth to take 41% of the footwear market in FY 2020 against the current share of 37%. Further growth will be driven by:

- Increasing disposable income of consumer and higher spending on lifestyle products, leading to shift from unbranded to branded play
- Increasing middle class population and working population
- Increase in number of working women driving the growth of women's footwear market
- Increasing urbanisation and more focus towards branded footwear
- Easy availability and assortment width with the advent of online channel
- Surge in sale of sports and health based footwear with increasing focus towards sports and events: marathons, adventure trips, etc.

### Gender and Category wise breakup of footwear in India

*Gender split footwear market in India (in US\$ billion)*



Source: Secondary research, Corporate Interviews , Technopak Analysis  
1 US\$= INR 67

Indian footwear market is broadly categorised as dress, casual and activewear segments. Casual segment is the largest segment and its growth has outpaced growth of other segments. However, women and kids segments are expected to grow at a faster pace as compared to men's segment to account for 41% and 11% of market respectively, by FY 2020. Growth in women's segment will be driven by increasing number of working women and increasing disposable income. Also, women are not loyal to particular brand and change their fashion trend with specific occasion, which will drive volume growth.

Kid's market is growing rapidly with increasing number of working parents resulting in higher spending on kids. Also, with the advent of activity based learning in schools, different shoe types are needed for varied different activities.

## Branded and Organized Share of Footwear in India

*Branded share of footwear market in India*



Source: Secondary research, Corporate Interviews , Technopak Analysis

1 US\$= INR 67

Branded Footwear market is expected to grow at a CAGR of 20% to account for ~50% of the overall market by FY 2020 from current ~40% of total market. The footwear segment is unique compared to other lifestyle and retail categories. Other key lifestyle categories such as men's shirts and women's ethnic reflect ~30% and ~18% branded play, respectively. The combined factors of footwear demonstrating high propensity towards, (a) organized retail, and (b) branded play, which presents an opportunity for branded play to grow further. Footwear demonstrates highest receptivity to modern retail with 26% share of channel sales attributed by modern retail. For other key lifestyle categories viz. apparel, jewellery and watches, modern retail channel averages ~22% share of total pie.

The share of branded footwear in India is expected to increase from 42% at present to 50% by FY 2020 owing to penetration of existing brands such as Bata, Khadim etc. in Tier 2 and smaller cities. Also, existing international premium brands are expanding their presence by launching new stores.

Growth will also be driven by the increasing reach of mid and economy brands to Tier II/III Indian cities. Growth in the branded segment will also be driven by shift of consumers from unbranded product with increase in disposable income, better availability of product and increasing health consciousness.

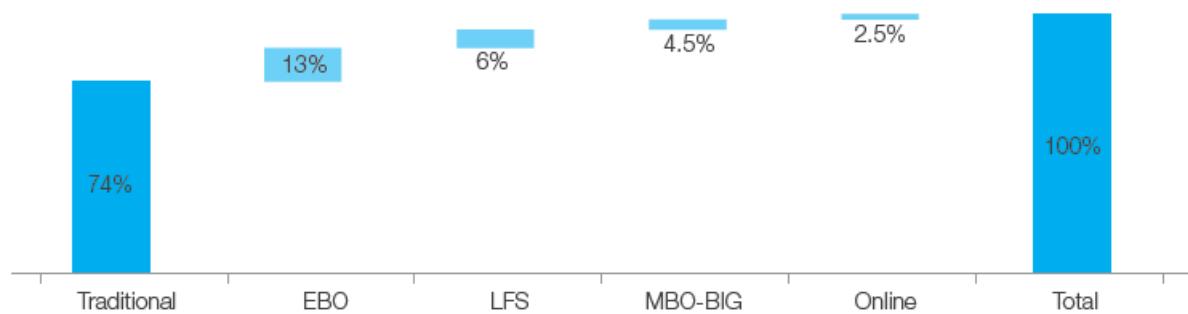
The mass footwear segment driven by chappals and sandals too, is witnessing consumers adopting branded products owing to strong distribution network of brands: Khadim, VKC, Paragon, Relaxo etc. Branded retail segment will grow at the rate of CAGR of 18% and branded distribution segment at the rate of 23% CAGR over next five years.

Whilst organized retail is estimated at 10% penetration of the total retail sector, the footwear retail sector enjoys a high share of organized retail at 26%. Other key aspirational and lifestyle segment such as apparel sector also reflects double digit penetration of 20%.

Footwear retail market is expected to witness further penetration of organized retail driving growth beyond major urban clusters. This shall be driven by growth of multiple retail formats across Exclusive Branded Outlet, Large Format Department Stores, Multi-branded Outlets and e-commerce. Thus this share is poised to grow sharply over the next five years to contribute 29% share by FY 2020.

## Channel and Region-wise break-up

*Channel-wise break up of footwear market in India (FY 2016)*



Source: Secondary research, Corporate Interviews, Technopak Analysis

1 US\$= INR 67

Footwear market is among the most organized category in the country with 26% of the organized share with presence of EBOs of leading brands. However, the unorganized pie of 74% will reflect a growth of 14%. Organized market is expected to grow at a CAGR of 18% to account for ~29% of the market by FY 2021, however distribution segment will still comprise 70% share. Growth in organized format will be driven by increasing penetration of EBOs in Tier II, Tier III and below towns, across the country. Also, the industry has witnessed the entry of leading international brands such New Balance, ASICS, Kenneth Cole etc. with their own retail stores to cater to the mid to premium and premium segment.

*Store network of footwear brands across the country as on March 31, 2016*

BATA INDIA LIMITED	KHADIM INDIA LIMITED	LIBERTY SHOES	ADIDAS INDIA
1,264**	776	555	500
PUMA INDIA	METRO SHOES	REBOOK INDIA	RELAXO FOOTWEARS
340	317*	250	250
CATWALK	CLARKS INDIA	ALDO	CHARLES & KEITH
150	54	25	14

EBOs includes EBO of players like Bata, Khadim's, Sree Leathers, Relaxo, Liberty, Adidas, Reebok, Puma, Nike etc.  
LFS include department stores like Shoppers Stop, Lifestyle, Central, Pantaloons etc. and Hypermarkets such as Big Bazaar, Spencer's etc.

MBO-Big includes retailers selling multiple brands : Metro, Mochi, Regal, Inc. 5, Planet Sports etc.

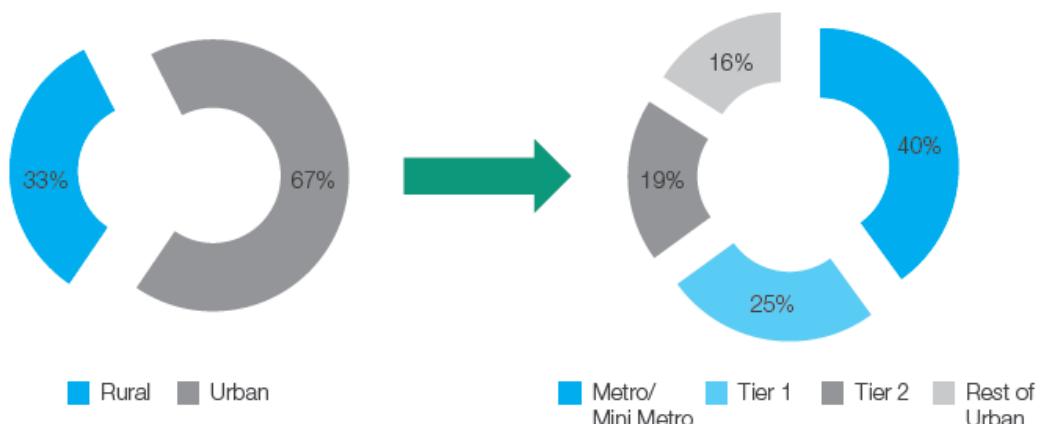
Traditional includes typical Mom & Pop footwear stores

XX The numbers below the brands represent the number of retail outlets as of March 2016

\* Number of stores include stores of Metro, Mochi, MSL and Crocs

\*\* Number of stores include stores of Bata, Hush Puppies and Footin

### *City type wise break up of footwear market in urban India*



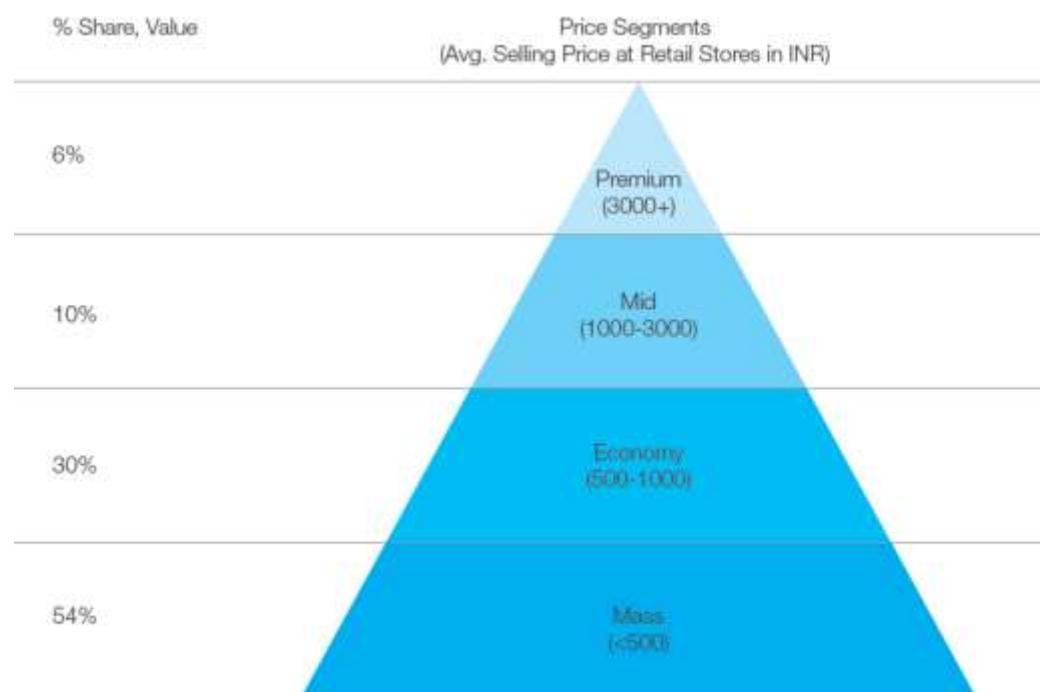
*Source : Secondary research, Corporate Interviews , Technopak Analysis*

*Metro/Mini Metro cities (top 8): population >5 million, Tier I cities : population 1 to 5 million, Tier II cities : population 0.3 to 1 million, Tier III has population less than 0.3 million*

*(Metro Cities: Mumbai and Delhi NCR; Mini-Metro Cities: Bangalore, Kolkata, Chennai, Hyderabad, Ahmedabad and Pune).*

Urban India accounts for 2/3rd of the footwear market in India by value. Top 8 cities (Metro and Mini Metro Cities) contribute to 40% of the urban footwear market and is dominated by the presence of leading national and international brands. Tier II and below cities contributes to ~35% of the overall urban footwear market and it is expected to grow further with increasing penetration of EBOs in these cities. Also, with the advent of online retail, people in Tier II cities and below have an access to branded footwear which will further drive the growth in these markets.

### *Breakup of footwear market by price point*



*Source : Secondary research, Corporate Interviews , Technopak Analysis  
Price is ASP for footwear for different brands*

### *Segmentation of Footwear market in India*

The premium segment is dotted by international brands such as Aldo, Charles & Keith, Kenneth Cole, Clarks etc. that are currently focussing on Indian metro-centric centres. The segment is marked primarily by the Exclusive Branded Outlet format. The Mid and Economy segment with a share of 40%, witnesses a mix of national footwear retailers as well as regional champions such as Khadim, Bata, Metro, Woodland, Lotto etc.

All the key retailers: Bata, Clarks, Aldo, Liberty, Metro, Khadim, Inc.5 offer i) equitable mix of men's and women's offering ii) comprehensive assortment covering Casual, Dress, Sandals across both the genders. The retail-centricity of the sector implies a SKU offering in the range of 200-300 across dress, casual, outdoors and sports. Hence key retailers necessarily play across a) both gender segments as well as b) usage segment for completing the SKU range.

International brands dwell into the international principals for design ideas and are leveraging compliant and quality hubs across India for sourcing. Indian brands have increasingly focused on offering relevant fashion at smart pricing, therefore the potential for design to act as a product differentiator. Footwear retailers have garnered significant learnings In the journey of modern retailing, footwear retailers have garnered learnings across a) assortment b) city penetration and c) store size.

Within the footwear segment, retailers such as Khadim and Bata succeed in carving a niche with a value-segment proposition, coupled with relevant fashion offering at smart pricing. The brand Khadim enjoys mass appeal amongst consumers owing to the unique positioning of smart priced value fashion targeted for the entire family. The brand has also succeeded in taping the potential in Tier II and III Indian cities in addition to optimum store size for maximum productivity.

Mass footwear brand retailers such as Action Shoes, VKC, Lakhani Shoes, Ajanta Footwear, Lancer etc. that occupy 54% of the market, are characterized by a predominant distribution channel. Most players have distinct positioning allowing them to capitalize on either retail or distribution business. Owing to its positioning, Khadim which is one of the key retailer from the economy segment has been able to capitalise on the distribution business, thus addressing ~85% of the total market potential. Retailer brands comprise 55% (INR 11,300 cr) and distribution brands comprise 45% (INR 9,050 cr) of the footwear branded pie.

Whilst, distribution brands are dependent on the efficiencies of distribution network only to drive growth, retail centric brands have to rely on all the organized channels viz. EBOs, large format stores (LFS) and online channel. Growth of retail brands is a factor of own store growth, own store foray and LFS roll-out. Since, access to quality real estate pose challenges, consequently the growth get restrictive leading to relatively lower growth level of the branded organized segment (at18%) vis-a-vis branded distribution (at 23%).

Adoption of branded vis-a-vis unbranded, shift towards quality & design within the mass segment will also be driving factors for growth of branded distribution. Key distribution brands of significant scale : Relaxo, Paragon, VKC, have reflected an historic average growth of 24%. Whilst, their growth is expected to stabilize – entry of new brands, increase in leverage of existent distributors of mid-sized brands will drive the branded distribution growth of 23%.

## **Distributor Selection and Dynamics**

### *Selection Criteria*

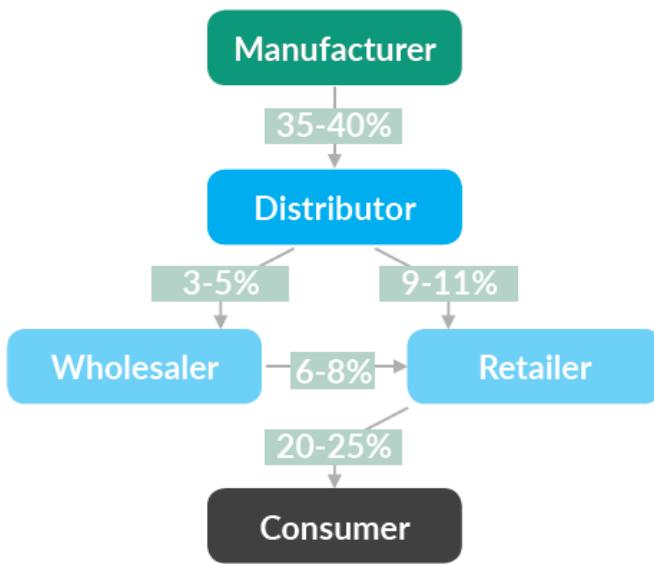
- Prior Experience: Brands want its distributors to have prior experience in the industry along with good knowledge about product quality and material. Eg: Shift from EVA to PU based footwear
- Regional Expertise: A sound knowledge of the regional market and dynamics is an important aspect for distribution selection
- Good financial history with other clients
- Good reach and reputation in local/regional footwear market
- Infrastructure (warehouse, manpower etc.), availability to support company targets
- The distributor must not keep competing brands in the same price range (varies from brand to brand)

### *Distributor reach*

A distributor's reach depends on the city. Generally, a distributor's reach will vary from around 20-30 retailers in a small city to 100-150 retailers in a big city. Most brands have a strong network of distributors that are serviced

by local company distribution centres.

### **Footwear Value Chain and Margins**



**XX**

\*Margin % on MRP

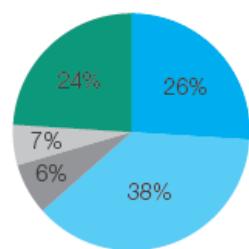
### **Terms of Trade for a Branded Distributor**

Parameter	Terms
Purchase Model	The products are outright purchase at all steps of value chain
Credit Period	Distributors are given credit period of 15-60 days by the brands. However, earlier brands used to give cash discount on advance payment. However, with increasing competition, brands have started giving cash discount of 2%-4% on credit payment also
Inventory	On average, the distributor keeps inventory for 30-60 days
Order Quantity	A distributor cannot break the order of a carton that has been sent to him. The average value of such a carton can vary but it usually has footwear worth INR 3,500-5,000
New Design	Distributors are informed of new brand designs by company representatives through messages or catalogues
Pricing	MRP is fixed by the company. Company suggest margin guidelines to distributors but its hard to implement
Logistics	The logistics cost are borne by the company when supplying to Distributor and by the Retailer/Wholesaler when the distributor supplies to them
Dealer Exclusivity	Generally, not practised though Paragon is an exception in some of the region

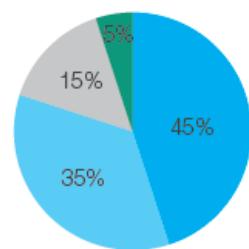
Source : Primary Research, Secondary Research, Corporate Interviews, Technopak Analysis

## Material Split by Region

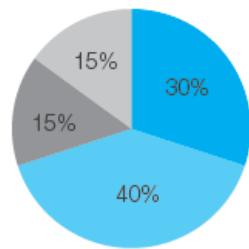
*East*



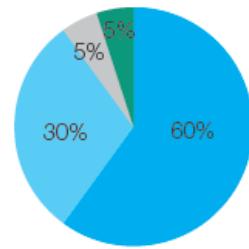
*West*



*North*



*South*



Source : Primary Research, Secondary Research, Corporate Interviews, Technopak Analysis

*North:* Chandigarh, Delhi, Haryana, Himachal Pradesh, Jammu & Kashmir, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand  
*East:* Andaman & Nicobar Islands, Arunachal Pradesh, Assam, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura and West Bengal  
*West:* Chhattisgarh, Goa, Gujarat, Madhya Pradesh, Maharashtra, Dadra and Nagar Haveli  
*South:* Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu and Telengana

PU's market share is significant regardless of region due to its better durability, easier manufacturing process and scope for better design. Hawaii is still a dominant category in most regions. However, players are shifting their focus from basic Hawaii to premium Hawaii chappals, as customers have become more fashion oriented. Khadim has a strong presence in East India and is spreading its presence over other regions by appointing distributors in these regions. However, Relaxo is dominant in North and East region of the country and has started venturing into southern and western region of the country in last 4-5 years. Similarly, Paragon and VKC are based out of South India and thus have managed to create a dominant presence in the southern region of the country.

### Benchmark of distribution market

Name of Player	No. of Distributors FY 2016
Khadim India Limited	-338
Relaxo Footwears Limited	-800
Paragon Footwear	-450
VKC Footwear	-330

### Product prices across brands in distribution segment



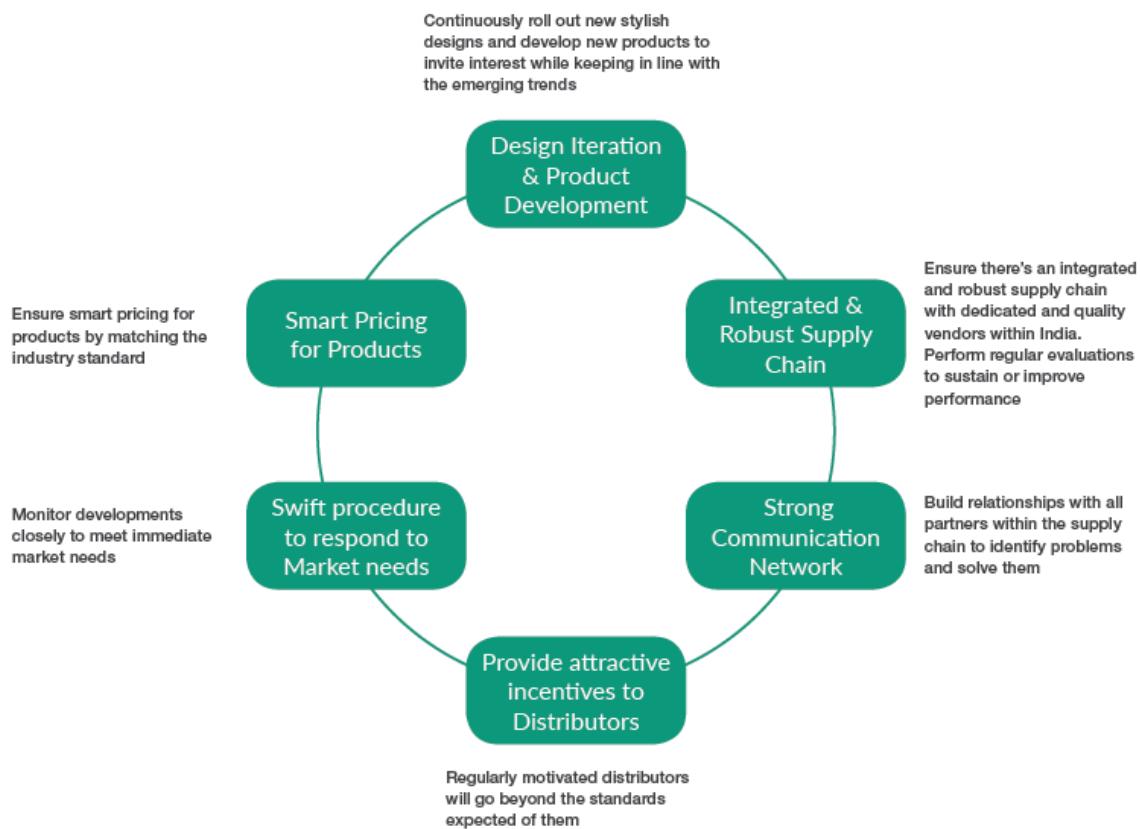
Source : Primary Research, Secondary Research, Corporate Interviews, Technopak Analysis

### Distribution Segment Success Factors

<b>1.</b>	
Efficient Distribution Network	<ul style="list-style-type: none"> <li>To reduce transportation &amp; logistics costs and ensure timely delivery of goods, it is essential that distributors are accessible and goods are transported efficiently</li> </ul>
<b>2.</b>	
Brand Recall	<ul style="list-style-type: none"> <li>Higher brand recall is essential for a successful distribution led business</li> <li>Celebrity endorsements are a popular method adopted by several brands. Eg: Rohit Sharma (VKC), Akshay Kumar (Relaxo)</li> </ul>
<b>3.</b>	
Attractive Price Points, Designs & Quality	<ul style="list-style-type: none"> <li>It is essential to churn out new footwear designs to capture the attention of more customers while ensuring there is no compromise on quality</li> </ul>
<b>4.</b>	
Customized Order Assortment	<ul style="list-style-type: none"> <li>While order sizes and quantity are generally fixed, a company that gives scope to tailor an order will be able to react faster to higher or lower demand for a particular product</li> </ul>
<b>5.</b>	
Less Competition within area	<ul style="list-style-type: none"> <li>A distributor will be able sustain and grow his business better if there are lesser entities doing the same business</li> </ul>

Source: Primary Research, Secondary Research, Corporate Interviews, Technopak Analysis

## Essential elements for sustainable distribution business



## Benchmarking of Key Retailers

Modern retail has a relatively high share of channel sales in footwear at 26% and traditional channel account for the remaining 74% of the footwear market. Bata with the highest number of stores has equitable presence across the regions in the country. The brand has ensured penetration into Tier 1 and Tier 2 cities in addition to Metro centric cities. Metro has relatively lesser retail presence compared to Bata, Khadim and Liberty. However, Metro has demonstrated optimum presence across all the four regions of the country. Footwear retailers succeeded by adopting either of the strategies – 1) pan- India penetration or 2) initial regional focus. Bata and Metro have demonstrated the first business model for growth.

Khadim has focused on a particular region and is now planning to replicate the learnings of regional leadership to other potential regions. The brand has successfully replicated the learnings of East region to gain significant penetration in the South and West regions.

Men's segments contributes to highest sales across all key brands: Bata, Metro, Khadim and Liberty in sync with the higher share of men's segment in the overall footwear market in India. The women's segment is gaining traction and this trend is being recognized by these brands in their assortment mix.

Khadim ranks 2nd in the overall number of stores across the country and has the largest footwear franchisee run store in the country in FY 2016. Khadim has largest presence in East Region and is one of the top three players in the South region, while Bata has largest presence in North and South Region across all brands in FY 2016.

## OUR BUSINESS

*This section should be read in conjunction with the sections entitled “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on pages 14, 223 and 160, respectively.*

*All references to exclusive retail stores with respect to our Company in (i) North India, (ii) South India, (iii) East India, and (iv) West India, refer to, together, the States and Union Territories of, (i) Rajasthan, Uttarakhand and Uttar Pradesh; (ii) Andhra Pradesh, Karnataka, Kerala, Puducherry, Tamil Nadu and Telengana; (iii) Arunachal Pradesh, Assam, Bihar, Jharkhand, Odisha, Manipur, Meghalaya, Sikkim, Tripura, West Bengal; and (iv) Maharashtra, Gujarat, Madhya Pradesh, Chhattisgarh, Goa, respectively.*

### **Overview**

Our Company is one of the leading footwear brands in India, with a two-pronged focus on retail and distribution of footwear. We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the ‘Khadim’s’ brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (*Source: Technopak Report*)

Our core business objective is ‘Fashion for Everyone’, and we believe that our Company has established an identity as an ‘affordable fashion’ brand, catering to the entire family for all occasions. As at June 30, 2017 and March 31, 2017, we operated 853 and 829 ‘Khadim’s’ branded exclusive retail stores across 23 states and one union territory in India, respectively, through our retail business vertical. Further, we had a network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, respectively, in our distribution business vertical.

Our Company was incorporated in 1981, and through the next several years, our Company was involved in wholesaling and distribution of branded basic utility footwear, and we had forayed into the retail business in 1993.

Our Company operates through two distinct business verticals, retail and distribution, each with its predominantly own customer base, sale channels and product range. Our retail business operates through our exclusive retail stores catering to middle and upper middle income consumers in metros (including mini-metros) and Tier I – Tier III cities, who primarily shop in high street stores and malls, for fashionable products. Our distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I – Tier III cities, who primarily shop in multi-brand-outlets (“MBO”) for functional products. We are also engaged in the business of institutional sales and export of footwear.

Our Company is led by our Promoter, Chairman and Managing Director, Siddhartha Roy Burman. With 34 years of experience of working with the Company, Siddhartha Roy Burman has been instrumental in the growth of our business. Our corporate Promoter is Knightsville Private Limited.

Our revenue from operations (gross) was ₹1,785.43 million (net revenue from operations was ₹1,784.33 million), ₹6,217.30 million (net revenue from operations was ₹6,212.49 million), ₹ 5,351.13 million (net revenue from operations was ₹5,345.21 million) and ₹ 4,618.40 million (net revenue from operations was ₹ 4,601.58 million) in the three month period ended June 30, 2017, fiscals 2017, 2016 and 2015, respectively, in terms of our Restated Financial Statements.

### *Retail Business*

As at June 30, 2017 and March 31, 2017, respectively, we had a wide network of 853 and 829 ‘Khadim’s’ branded exclusive retail stores, which constitute our channels of sale, of which 168 and 162 are company owned and operated outlets (“COO”), and 685 and 667 are franchisee operated stores (which are further categorised as exclusive branded outlets (“EBO”), branded outlets (“BO”) and franchisee run and managed outlets (“FRM”)), across 23 States and one Union Territory in India. Since our foray into the retail business in 1993, we have grown to be the second largest exclusive retail network with the largest exclusive franchisee retail network in India, in fiscal 2016. (*Source: Technopak Report*) Our Company is also involved in the sale of certain accessories along with our footwear in our exclusive retail stores, as a one-stop solution, to complement our retail business vertical. Our retail business constituted 70.02% 73.48%, 75.23% and 72.19% of our net revenue,

for the three month period ended June 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015, which constituted net revenue of ₹ 1,249.43 million, ₹ 4,564.95 million, ₹ 4,021.19 million and ₹ 3,321.99 million, respectively. As at June 30, 2017 and March 31, 2017, 66.59% and 67.19% of our exclusive retail stores catered to East India, 17.58% and 17.37% of our exclusive retail stores catered to South India and 15.83% and 15.44% of our exclusive retail stores catered to the rest of India, respectively.

COOs are owned and operated by our Company and are primarily present in metros and Tier I cities where the responsibility of the inventory, capital expenditure and operating cost resides with our Company. Our EBOs operated by franchisees, are primarily present in Tier I and Tier II cities and our BOs, being economic formats of EBOs with small store size, are primarily present in Tier II and Tier III cities. Our EBOs and BOs are responsible for inventory, capital expenditure and operating cost. FRMs, primarily present in metros and Tier I cities, were launched by our Company as a vehicle to venture into new geographical markets by maintaining an asset light model, with the inventory risk being borne by our Company.

Through this business model, we cater to middle and upper middle income consumers in metros and Tier I – Tier III cities, who primarily shop in high street stores and malls. In this business model, our product range primarily focuses on fashionable footwear, targeting men, women and children for all occasions spread across a large range of merchandise categories, including but not limited to leather and non-leather sandals, slippers, boots, ballerinas, stilettos, moccasins and sports shoes. Our product portfolio in the retail business is higher in value compared to the products which we distribute through our distribution business.

In our retail business, our Company presently promotes nine home-grown sub-brands of ‘*Khadim’s*’, which are, ‘*Pro*’, ‘*Lazard*’, ‘*Softouch*’, ‘*Cleo*’, ‘*British Walker*’, ‘*Turk*’, ‘*Sharon*’, ‘*Bonito*’ and ‘*Adrianna*’, with varied product offerings and merchandise category.

Due to the fashion oriented nature of the retail business requiring lower volume per stock keeping unit (“SKU”), a significant portion of our products sold through our exclusive retail stores are sourced from outsourced vendors, who are able to deliver smaller quantities of premium high quality products. The portion of products procured from outsourced vendors with respect to our retail business amounted to 85.60% of our products, in fiscal 2017.

#### *Distribution Business*

We had a wide network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, respectively, who distribute our products to MBOs across India. Our distribution business constituted 27.12%, 21.68%, 18.57% and 14.51% of our net revenue, for fiscal 2017, fiscal 2016 and fiscal 2015, and our net revenue from the distribution business constituted ₹ 483.83 million, ₹ 1,347.05 million, ₹ 992.34 million and ₹ 667.65 million for such periods.

Through this business model, we cater to the middle income customers in urban, Tier I – Tier III cities, who shop in MBOs. The products which we distribute through our distribution business are primarily ethylene-vinyl acetate (“EVA”), Hawai, injected poly-vinyl chloride (“**Injected PVC**”), polyurethanes (“PU”), PVC - direct injection process (“PVC DIP”) and stuck on products, under the ‘*Khadim’s*’ brand. Our distribution business complements our retail business and enables us to achieve a deeper market penetration for our products.

Due to the high volume of products per SKU sold through the distribution business and for better control over cost, a significant portion of our products sold through our distributors are manufactured by our Company at our own manufacturing facilities and through contract manufacturing facilities. Presently, we have two owned manufacturing facilities and two outsourced manufacturing facilities, for which the raw material is supplied by our Company, catering primarily to our distribution business.

#### **Key Strengths**

We believe the following are our key strengths:

##### *A leading footwear brand, offering affordable fashion across various price segments*

We believe that the biggest strength of our ‘*Khadim’s*’ brand is our product offering, which is ‘affordable fashion’ for the entire family for every occasion. Our comprehensive product range offers a wide variety of designs and styles, and caters to various customer segments across a wide range of price points, by providing

affordable footwear products for men, women or children, across age groups. In our retail segment, our maximum retail price (“**MRP**”) ranged from ₹77 to ₹3,599 and ₹75 to ₹3,599 for our products, in the three month period ended June 30, 2017 and fiscal 2017, respectively. We believe that our brand and sub-brands command high consumer recall and is associated with high quality products at affordable prices. Apart from servicing our existing customer base, we believe our ‘*Khadim’s*’ brand helps us to capture the target audience transitioning from the unorganised to organised market and our sub-brands helps us to target and retain our aspirational customers, especially given the significant years of brand equity we have built with them.

Owing to our affordable fashion positioning, we are able to straddle both the retail and distribution business verticals. We cater to fashion conscious customers through our premium products in the retail segment and we are also able to leverage our brand recall to give impetus to our distribution business.

Owing to our brand positioning and product offering, we are able to grow seamlessly across geographies. The attributes of our brand have also enabled us to replicate our brand’s success in South India and penetrate markets in West India.

We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the ‘*Khadim’s*’ brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (*Source: Technopak Report*)

#### ***Strong design capabilities to maintain seasonal trends and leading premiumisation through sub-brands***

We have a detailed design process pursuant to which we create designs for consumers across diverse segments for various seasons and festivals. We draw our inspiration from the mood of the season, fashion, and colour of a particular season. We follow and survey fashion trends across international and domestic markets, and continued market research enables us to understand the changing needs of the consumers.

Our strong in-house design capabilities have enabled us to create and grow our sub-brands organically, through the development of premium products, to cater to our existing customer base. While we continue to target consumers and provide affordable fashion through our ‘*Khadim’s*’ brand, our sub-brands helps us to target and retain our aspirational customers, especially given the significant years of brand equity we have built with them. Our sub-brands including ‘*Pro*’, ‘*Lazard*’, ‘*Softouch*’, ‘*Cleo*’, ‘*British Walker*’, ‘*Turk*’, ‘*Sharon*’, ‘*Bonito*’ and ‘*Adrianna*’, have varied merchandise categories and cater to men, women or children, by providing affordable and fashionable footwear for a variety of occasions. Our revenue from all our sub-brands as a percentage of retail footwear business revenue has increased to 51.21% in the three month period ended June 30, 2017 and 52.38% in fiscal 2017, from 42.76% in fiscal 2013. The change in the product mix along with reasonable price increases has led to increase in average selling price (“**ASP**”). Our ASP in the three month period ended June 30, 2017 and fiscal 2017 for our COOs was ₹ 441.65 and ₹ 451.05, respectively, as compared to ₹ 375.26 in fiscal 2013. The ASP increase, coupled with our ability to pass on cost increases, has positively impacted retail business gross margins which has grown from 42.54% in fiscal 2013 to 46.89% in fiscal 2017 and 47.14% in the three month period ended June 30, 2017.

In our distribution business, we primarily sell our products under the ‘*Khadim’s*’ brand. We believe our retail brand recall increases the demand for our more premium products, thereby enabling us to upscale the product mix in this business vertical. Given the changing consumer preferences and trends towards premium products, since fiscal 2015, our Company has started introducing premiumised versions of certain of our product offerings, including Hawai, PVC and PU.

We believe our design capabilities have resulted in the growth and development of our sub-brands which has allowed us to cater to premium customers with higher consumer spend and also make reasonable price increases, thereby resulting in a growth in our ASP and gross margins.

#### ***Two-pronged market strategy that straddles efficiently across retail and distribution models***

Our Company operates through two distinct business models, retail and distribution, each with its own customer base, sale channels and product range. Our retail business operates through our company owned or franchised exclusive retail stores, catering to middle and upper middle income consumers in metros, Tier I – Tier III cities, who primarily shop in high street stores and malls for fashion oriented products. Our distribution business

operates through a wide network of distributors catering to low and middle income customers in metros and Tier I – Tier III cities, who primarily shop in MBOs for functional products.

Our two businesses are independently carried with dedicated product design teams who have the ability to create distinct product baskets for both the businesses and focused sales teams, responsible for the performance of the individual businesses. We had approximately 66 members in our sales team in addition to our store level sales personnel for our retail business, and 45 members in our sales team for distribution, as at June 30, 2017.

Both our business verticals complement each other, as each of them predominantly have separate product ranges, target audience and channels of sale. Also, given the different business profiles, it helps de-risk our Company with regard to dependence on any one business.

Given our ability to straddle between both the retail and distribution markets, we are able to capitalize on growth potential, and target the Indian branded retail footwear market, which is proposed to grow at a CAGR of 18%, and the branded footwear distribution market which is proposed to grow at 23%, from fiscal 2016 to fiscal 2020. (*Source: Technopak Report*) Conversely, our retail business has grown by a CAGR of 17.22% from fiscal 2015 to fiscal 2017 and our distribution business has grown by a CAGR of 42.04% over the same period.

We are also able to leverage our already established brand recall in the retail segment to drive growth in our distribution business. We are accordingly able to cross leverage our experience in each segment to develop and grow our businesses.

#### ***Extensive geographical reach and penetration across East and South India***

We had a wide network of 853 and 829 exclusive retail stores across 23 States and one Union Territory in India, as at June 30, 2017 and March 31, 2017, respectively. We are the second largest footwear retailer in India, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. (*Source: Technopak Report*) We believe that we have been able to successfully replicate our business model from East India in the Southern Indian markets. We believe that our experience to grow and establish our market position in South India, coupled with our brand positioning, is enabling us to develop and target new geographies across India.

The total number of exclusive retail stores of our Company, as at March 31, 2013 was 634, as at March 31, 2017 was 829 and as at June 30, 2017 was 853, and the spread across geographical zones in India, is provided below.



We believe that the success and acceptance of our brand is demonstrated by the number of franchisee operated stores we have been able to open across geographies. In fiscal 2016, we had the largest retail footwear franchisee network in India. (*Source: Technopak Report*) As at June 30, 2017 and March 31, 2017, out of our 853 and 829 exclusive retail stores, 685 and 667, respectively, were operated by franchisees.

Given below is our exclusive retail store network as at June 30, 2017 and March 31, 2017.

Store format	North	South	East	West	Total
<b>June 30, 2017</b>					
COO	10	51	67	40	168
Franchisees (EBO, BO, FRM)	48	99	501	37	685

<b>Store format</b>	<b>North</b>	<b>South</b>	<b>East</b>	<b>West</b>	<b>Total</b>
<b>Total</b>	<b>58</b>	<b>150</b>	<b>568</b>	<b>77</b>	<b>853</b>
<b>March 31, 2017</b>					
COO	10	49	65	38	162
Franchisees (EBO, BO, FRM)	45	95	492	35	667
<b>Total</b>	<b>55</b>	<b>144</b>	<b>557</b>	<b>73</b>	<b>829</b>

With respect to our distribution business, we have established our presence across East and South India and have also forayed into markets in West India and primarily in Uttar Pradesh in North India. We had a network of 377 and 357 distributors for the three month period ended June 30, 2017 and fiscal 2017, respectively, which include 291 and 280 in the East, 25 and 19 in the South and 61 and 58 in North and West India, respectively.

#### ***Asset light model leading to higher operating leverage***

In terms of our retail business, in order to ensure pan-India presence, we have adopted what we believe to be a scalable, asset-light and less capital-intensive business model to operate our exclusive retail stores. While expanding into new markets we enter through flagship COOs and further augment our presence in such markets through franchisees, once our brand is reasonably established in such markets. As at June 30, 2017 and March 31, 2017, out of our 853 and 829 exclusive retail stores, 80.30% and 80.46%, respectively, were operated by franchisees. Between fiscal 2013 and fiscal 2017 (i.e over the last four years), out of the 289 exclusive retail stores added by our Company, 229 were operated on a franchisee model. Moreover, we typically take on lease the premises from which we operate our COOs. Our net revenue from new exclusive retail stores over the last five fiscal years was ₹3,433.23 million, with capital expenditure of ₹ 142.61 million for the same period. We believe our limited capital expenditure and inventory investment will result in higher operating leverage.

Further, we have tried to apply the asset light approach with regards to our procurement of products. The portion of products procured from outsourced vendors with respect to our retail business amounted to 89.18% and 85.60% of our products, in the three month period ended June 30, 2017 and fiscal 2017, respectively.

With respect to our distribution business, since we started tracking it as a separate business vertical only from fiscal 2015, our initial focus has been to increase utilisation of existing installed capacity and invest in machines and moulds at our existing manufacturing facilities. Subsequently, we have grown our distribution business, by adopting an asset light model of manufacturing, by engaging contract manufacturers.

We believe our asset light model, with minimum capital expenditure, has enabled us to leverage our growth and profitability.

#### ***Experienced Promoters supported by professionally qualified, experienced and entrepreneurial management team***

We believe that we benefit from the vision, strategic guidance, experience, skills and relationships of several key members of our management team, including our individual Promoter and our Chairman and Managing Director, Siddhartha Roy Burman, who has an overall experience of 34 years with our Company and has been instrumental in our growth over the last three decades.

We also actively recruit professionally qualified individuals from renowned institutions or organizations in India for important management and executive roles. We believe that this helps us in attaining and maintaining quality across our operations, which gives us a competitive advantage, especially *vis-à-vis* smaller and regional players.

We also believe that our employees have been an important factor in our success as the quality of products we provide are dependent on them. We have dedicated teams including with respect to design, sales, procurement, for each business vertical. We believe in continuous development and have invested in our employees through regular training programmes to improve skills and service standards, enhance loyalty, reduce attrition rates and increase productivity. With the continuing involvement of the core members of our management team and key executives, we believe that we are well positioned to continue to tap growth opportunities across the footwear business in the future.

#### **Our Strategies**

***Expand our geographical footprint in western India and certain markets in northern India and further penetrate markets in south India***

***Retail Business***

We have established our presence in East and South India through our exclusive retail network. In the last few years, our presence in West and primarily in Uttar Pradesh in North India, has also witnessed sustained growth. During the period from fiscal 2013 to fiscal 2017 (i.e. over the last four years), we opened 289 new exclusive retail stores.

Further, the cumulative number of exclusive retail stores opened during fiscal 2013 to the three month period ended June 30, 2017, and during fiscal 2013 to fiscal 2017, is specified below.

Zone	North	South	East	West
Cumulative number of exclusive retail stores opened during fiscal 2013 to the three month period ended June 30, 2017	39	75	154	49
Cumulative number of exclusive retail stores opened during fiscal 2013 to fiscal 2017	35	68	142	44

We intend to continue expanding our geographical footprint in markets across South India, West India and in Uttar Pradesh in North India, through flagship COOs and further augment our presence in such markets through franchisees.

In order to execute this strategy, we undertake a detailed micro-mapping exercise of the market, which includes detailed study of the relevant State and specific cities and towns, to obtain insights into potential business areas and considers factors including target customer profile and presence of competition. While identifying a retail market place, we consider a detailed demographic outlook of the location of the exclusive retail store including analysis with respect to customer profile, purchasing habits, competition, average footfall and major upcoming developments.

***Distribution Business***

We had started manufacturing products including Hawai, PU, PVC and EVA in 2002, in order to complement our retail business. However, we started focusing on the distribution business as a separate vertical since fiscal 2015. We have established our presence across East and South India and have also forayed into markets in West and North India. We have a network of 377 and 357 distributors during the three month period ended June 30, 2017 and fiscal 2017, which include 291 and 280 in the East, 25 and 19 in the South and 61 and 58 in North and West India, for such respective periods. We intend to continue to penetrate existing markets in Eastern and Southern India by increasing our distribution network. We further intend to capitalize on our retail brand recall and target markets in West and North India by increasing our distribution network in such markets.

***Continue to focus on an asset light model led growth***

***Retail Business***

We intend to continue to expand our retail business, by entering into new markets and penetrating existing markets, and further augment our presence in such markets through franchisees, once our brand is reasonably established in such markets. Between March 31, 2013 and March 31, 2017 (i.e. over the last four years), we have opened 289 exclusive retail stores, of which, 60 were COOs and 229 were franchisee operated stores, as a result of our strategy for growth through an asset light model.

The cumulative number of COOs and franchisees opened during fiscal 2013 to the three month period ended June 30, 2017, and during fiscal 2013 to fiscal 2017, (i.e. over the last four years) is specified below.

Zone	North	South	East	West
Cumulative COOs opened during fiscal 2013 to the three month period ended June 30, 2017	4	17	24	21
Cumulative franchisees opened during fiscal 2013 to the three month period ended June 30, 2017	35	58	130	28

<b>Zone</b>	<b>North</b>	<b>South</b>	<b>East</b>	<b>West</b>
Cumulative COOs opened during fiscal 2013 to fiscal 2017	4	15	22	19
Cumulative franchisees opened during fiscal 2013 to fiscal 2017	31	53	120	25

Further, given the fashion oriented nature of our products, we intend to continue to source a significant portion of our products which are sold through our exclusive retail stores from outsourced vendors, who are able to deliver small quantities, without compromising on the quality of products or incurring significant capital expenditure. The portion of products procured from outsourced vendors with respect to our retail business amounted to 89.18% and 85.60% of our products, during the three month period ended June 30, 2017 and fiscal 2017, respectively.

#### *Distribution Business*

Since we started tracking the distribution business as a separate business vertical only from fiscal 2015, our initial focus has been to increase utilisation of existing installed capacity and invest in machines and moulds at our existing manufacturing facilities. Subsequently, we have grown our distribution business, by adopting an asset light model of manufacturing, by engaging contract manufacturers, thereby restricting our investments in real property and buildings.

We intend to continue growing our distribution business through an asset light model by utilising infrastructure and production capacity of contract manufacturers. While our contract manufacturers own and operate the factory on their premises, we are involved to the extent of strengthening their infrastructure by providing the necessary machinery and moulds to manufacture our products on a case to case basis. We intend to continue to develop new designs and would continue to control the production process, monitoring quality control and safety and provide raw materials to such contract manufacturers.

#### **Premiumise product offering to increase average selling price and gross margins**

#### *Retail Business*

In line with our brand ethos, we intend to continue catering to the entire family for all occasions across our target audiences. Hence, we intend to continue focussing on our home brand, ‘Khadim’s’ as well as the sub-brands without compromising on providing affordable fashion to our entire consumer base.

Presently, we promote nine sub-brands with varied product offerings and merchandise category which cater to the retail business, namely, ‘Pro’, ‘Lazard’, ‘Softouch’, ‘Cleo’, ‘British Walker’, ‘Turk’, ‘Sharon’, ‘Bonito’ and ‘Adrianna’. Given the aspirational nature of our customer base, we have increased focus on our sub-brands which will continue to grow as a proportion of retail sales to drive our premiumisation strategy. Revenue from sub-brands as a percentage of our revenue from our retail footwear business has increased to 51.21% and 52.38% in the three month period ended June 30, 2017 and fiscal 2017, respectively, from 42.76% in fiscal 2013.

The creation of our sub-brands has enabled us to provide customers with a varied product mix. The change in the product mix along with reasonable price increases has led to increase in ASP. Our ASP during the three month period ended June 30, 2017 and fiscal 2017 for our COOs was ₹ 441.65 and ₹ 451.05 as compared to ₹ 375.26 in fiscal 2013. The ASP increase, coupled with our ability to pass on cost increases, has positively impacted retail business gross margins which has grown from 42.54% in fiscal 2013 to 46.89% in fiscal 2017.

#### *Distribution Business*

We primarily focus on distribution of Hawai, PVC, EVA and PU footwear primarily under the ‘Khadim’s’ brand. We believe our retail brand recall increases the demand for our more premium products, thereby enabling us to upscale the product mix in this business vertical.

Given the changing consumer preferences and trends towards premium products, since 2015, our Company has started introducing premiumised versions of our product offerings in Hawai, PVC and PU. We intend to continue to enhance our product range with new-to market introductions. We intend to continue to increase the

ASP of our products, by focussing on distributing premium products and upscale our product mix, while continuing to provide our existing range of products to our distributors.

We also intend to increase our profitability by increasing our gross margins from the distribution business, by increasing our volume of sales of premium products.

## **Business Operations**

We believe that our Company has established an identity as an ‘affordable fashion’ brand catering to the entire family for all occasions. Our core business objective is ‘Fashion for Everyone’. Apart from servicing our existing customer base, we believe our ‘*Khadim’s*’ brand helps us to capture the target audience transitioning from the unorganised to organised market and our sub-brands helps us to target and retain our aspirational customers, especially given the brand equity we have built over the years.

Our Company is one of the leading footwear brands in India, with a two pronged focus on retail and distribution of footwear each with its own customer base, sale channels and product range, which complement each other. We are the second largest footwear retailer in India, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (*Source: Technopak Report*)

### *Retail Business*

Our retail business constituted 70.02%, 73.48%, 75.23% and 72.19% of our net revenue, for the three month period ended June 30, 2017, fiscal 2017, fiscal 2016 and fiscal 2015, constituting ₹ 1,249.43 million, ₹ 4,564.95 million, ₹ 4,021.19 million and ₹ 3,321.99 million, respectively. As at March 31, 2017, we had a wide network of 829 ‘*Khadim’s*’ branded exclusive retail stores, which constitute our channels of sale, of which 162 are COO, and 667 are franchisee operated stores (which are further categorised as EBOs, BOs and FRM), across 23 States and one Union Territory in India.

The total number of exclusive retail stores of our Company, as at March 31, 2013 was 634, as at March 31, 2017 was 829 and as at June 30, 2017 was 853, and the spread across geographical zones in India, is provided below.



### *Distribution Business*

We had a wide network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, who distribute our products to MBOs across India. Our distribution business constituted 27.12%, 21.68%, 18.57% and 14.51% of our net revenue, for the three month period ended June 30, 2017 and fiscal 2017, fiscal 2016 and fiscal 2015, and our net revenue from the distribution business constituted ₹483.83, ₹1,347.05 million, ₹ 992.34 million and ₹ 667.65 million for such periods.

## **Our Retail Business**

Through this business model, we cater to middle and upper middle income consumers in metros and Tier I – Tier III cities, who primarily shop in high street stores and malls. In this business model, our product range primarily focuses on fashionable footwear, targeting men, women and children for all occasions spread across a large range of merchandise categories, including leather, non-leather, sports shoes, sandals, slippers, boots,

ballerinas, stilettos and moccasins. Our product portfolio in the retail business is higher in value compared to the products which we distribute through our distribution business.

#### *Our Exclusive Retail Stores*

Our retail business operates through a wide network of 829 exclusive retail stores through four channels of sale, brief details of which, are set forth below:

Store type	Presence	Operating Characteristics	Store Count (As at June 30, 2017)	Store Count (As at March 31, 2017)	Store Count (As at March 31, 2013)	Gross Margin (fiscal 2017)*	Gross Margin (three month period ended June 30, 2017)
COO	Metros, Tier I cities	<ul style="list-style-type: none"> <li>• Stores are owned and operated by our Company</li> <li>• Our Company is responsible for inventory, capital expenditure and operating cost</li> </ul>	168	162	109	51.62%	52.44%
EBO	Tier I and Tier II cities	<ul style="list-style-type: none"> <li>• Stores are franchise run and managed</li> <li>• The franchisee is responsible for inventory, capital expenditure and operating cost</li> <li>• Products are sold outright to the franchisee, net of channel margins</li> </ul>	387	368	315	40.82%	40.81%
BO	Tier II and Tier III cities	<ul style="list-style-type: none"> <li>• Economic format of EBOs where store size and sales volume are lesser than EBO</li> <li>• The franchisee is responsible for inventory, capital expenditure and operating cost</li> <li>• Products are sold outright to the franchisee, net of channel margins</li> </ul>	277	276	210	43.32%	43.19%
FRM	Metros and Tier I cities	<ul style="list-style-type: none"> <li>• Stores are franchisee run and managed</li> <li>• Our Company is responsible for inventory</li> <li>• Capital expenditure and operating cost is borne by franchisee</li> <li>• Commission on sales paid to FRM owner**</li> </ul>	21	23	-	48.50%	49.64%

\*Our gross margins from EBO and BO are lower than the gross margins from COO and FRM, since they are net of channel margins offered to EBO and BO franchisee operators. Gross margin for outsourced items is on purchase price and for manufactured items is on material cost.

\*\* FRMs, primarily present in metros and Tier I towns, were launched by our Company as a vehicle to venture into new geographical markets by maintaining an asset light model, with the inventory risk being borne by our Company. Our Company intends to primarily focus on COO, EBO and BO models, going forward.

As at June 30, 2017 and March 31, 2017, our exclusive retail stores across types of cities, have been provided below.

Category	Number of stores (March 31, 2017)	Number of stores (June 30, 2017)
Metros and mini metros	150	159
Tier I	109	114
Tier II	124	127
Tier III	446	453

Further, we also offer our products through large format stores and over our online portal and over other third party operated websites and may continue to expand this portfolio, which we believe may provide us with a cost-effective and flexible means of extending our visibility and market reach beyond our physical exclusive retail stores.

## Our Products

Apart from servicing our existing customer base, we believe our ‘*Khadim’s*’ brand helps us to capture the target audience transitioning from the unorganised to organised market and our sub-brands helps us to retain our aspirational customers, especially given the significant years of brand equity we have built with them.

In our retail business, our product range primarily focuses on fashionable footwear, targeting men, women and children for all occasions spread across a large range of merchandise categories, including but not limited to leather and non-leather sandals, slippers, boots, ballerinas, stilettos, moccasins and sports shoes. Our product portfolio in the retail business is higher in value compared to the products which we distribute through our distribution business.

Presently, we promote nine sub-brands with varied product offerings and merchandise category which cater to the retail business, namely, ‘*Pro*’, ‘*Lazard*’, ‘*Softouch*’, ‘*Cleo*’, ‘*British Walker*’, ‘*Turk*’, ‘*Sharon*’, ‘*Bonito*’ and ‘*Adrianna*’. These sub-brands were developed to provide premium product offerings with varied design and style, to the urban, fashion conscious consumer. Each sub-brand has been created to cater to specific merchandise category and caters to men, women or children, over a variety of occasions.

Brand/Sub-brand	Description
<b><i>Khadim's</i></b>	Fashionable, casual footwear, for value conscious customers, for men, women and children.
	Formal shoes and sandals for men. Features - basic colours of black/ brown, plain uppers, broad construction. Uses premium quality leather.
	Semi-formal and Casual shoes and sandals for men. Features - colours, fancy uppers, slim construction. Uses premium quality leather and faux leather.
	Outdoor boots and sandals for men. Features - shades of brown and rugged sole. Uses premium quality faux leather.
	Light and trendy sandals for women. Features - delicate upper/back straps, embellishments and laser-cut uppers, slim heels. Uses premium quality faux leather.
	Fashionable yet functional sandals for women. Features - broad upper/back straps, clean lines and uppers, wide heels. Uses premium quality faux leather.
	Closed and Open shoes and sandals for men and women. Features - broad construction with anatomical support and low, platform heels. Uses premium quality soft leather and faux leather.
	Sports and activity sneakers & floater sandals for men and women. Features - wide range of colours and designs, mesh, synthetic and canvas uppers.
	A range of fun and colourful shoes for toddlers and children.
	Comfortable and fashionable footwear for pre-teen and teenage girls.

Given the aspirational nature of our customer base, we have increased focus on our sub-brands which will continue grow as a proportion of retail sales to drive premiumisation. Our revenue from all our sub-brands as a percentage of retail footwear business revenue has increased to 51.21% and 52.38% in the three month period ended June 30, 2017 and Fiscal 2017 from 42.76% in fiscal 2013.

The change in the product mix along with reasonable price increases has led to increase in ASP. Our ASP in the three month period ended June 30, 2017 and fiscal 2017 for our COOs was ₹441.65 and ₹451.05, respectively

as compared to ₹ 375.26 in fiscal 2013. The ASP increase, coupled with our ability to pass on cost increases has positively impacted retail business gross margins which has grown from 42.54% in fiscal 2013 to 46.89% in fiscal 2017 and 47.14% in the three month period ended June 30, 2017.

Our Company also sells certain accessories along with its products, in our exclusive retail stores, as a one-stop solution, to complement our retail footwear business. We primarily provide accessories including socks, shoe polishes and brushes, leather belts, wallets and laptop bags in the men's section. In the women's section we provide our customers hand bags and clutches. We provide colourful school bags for school going children. Our net revenue from sale of accessories accounted for 6.19% and 5.82% of our retail business, in fiscal 2017 and the three month period ended June 30, 2017, respectively.

#### *Key Financial Metrics*

*Change in the retail business over the quarter and last five fiscal years*

	<b>Three month period ended June 30, 2017</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>	<b>Fiscal 2014</b>	<b>Fiscal 2013</b>
<b>Revenue (₹ In million)*</b>	1,249.43	4,564.95	4,021.19	3,321.99	3,580.60	3,052.16
<b>Gross margin in retail business (%)**</b>	47.14%	46.89%	45.63%	45.38%	43.70%	42.54%

\*Net of discount and taxes

\*\*Gross margin for outsourced items is on purchase price and for manufactured items is on material cost

*Comparison of channels of retail business and their financial impact – The below financial difference explains the reason of focusing on growth in the franchisee model enabling operating leverage. Thus, as explained above, COOs are opened for strategic reasons and franchisees help growth and further penetration.*

	<b>COO</b>	<b>EBO</b>	<b>BO</b>	<b>FRM</b>
<b>Three month period ended June 30, 2017</b>				
<b>Revenue* (₹ million)</b>	639.82	505.01	70.87	33.73
<b>Gross Margin(%)**</b>	52.44%	40.81%	43.19%	49.64%
<b>Store level cost (%)#</b>	22.89%	-	-	-
<b>Store level EBITDA(%)***</b>	29.55%	40.81%	43.19%	49.64%
<b>Fiscal 2017</b>				
<b>Revenue* (₹ million)</b>	2,402.34	1,748.26	280.47	133.88
<b>Gross Margin(%)**</b>	51.62%	40.82%	43.32%	48.50%
<b>Store level cost (%)#</b>	22.25%	-	-	-
<b>Store level EBITDA(%)***</b>	29.37%	40.82%	43.32%	48.50%

\*For EBO and BO, from primary sales, Net of discount and taxes

\*\*Gross margin for outsourced items is on purchase price and for manufactured items is on material cost

#Company does not bear any store level cost for EBO/BO/FRM

\*\*\*EBITDA level for all COO divided by net sales of COO, since Company does not bear any operating cost for franchises (EBO/BO/FRM), gross margin of Company from its franchises is equal to store level EBITDA at Company's level

#### **Our Distribution Business**

We had a wide network of 377 and 357 distributors across India for the three month period ended June 30, 2017 and in fiscal 2017, respectively. Through this business model, we cater to middle income consumers in metros, Tier I – Tier III cities, who shop in MBOs. In this business model, our product range primarily focuses on EVA, Hawai, injected PVC, PU, PVC DIP and stuck on based products, primarily under the 'Khadim's' brand.

#### *Our Products*

We offer several categories of footwear, including Hawai, PVC, EVA, PU, DIP, stuck-ons and school shoes primarily under the 'Khadim's' brand. We cater to the entire family providing footwear for value conscious customers including men, women and children, across all age groups. Our product offerings with respect to our distribution business are provided below.

	Description	MRP Range (at Company level) June 30, 2017	MRP Range (at Company level) March 31, 2017
EVA	Ethylene vinyl acetate is a type of co-polymer which is widely used in making injected footwear. Our Company prepares compounds using EVA as base material with additives, through mixing / granule process. By putting such compound through the injection moulding machine, we produce footwear, which is referred to as the injected EVA manufacturing process.	115 – 159	30 - 399
Hawai	Hawai is type of footwear made through the process of mixing, using various kind of material like rubber, EVA , plasticizers, fillers and vulcanizing agent which is processed through compressed moulding system for making foamed sheets and cut into pairs fitted with straps to make complete slipper.	64 - 289	50 - 399
Injected PVC	Poly vinyl chloride is a co-polymer, used for making PVC footwear. PVC is widely used as base material with combination of plasticizers and stabilizers through the mixing process. By putting it through the injection moulding machine we produce footwear, which is referred to as the Injected PVC manufacturing process .	210 - 259	64 - 450
PU	Polyurethane is a liquid co-polymer, which is used for making footwear through injection and pouring process and moulded with fabricated uppers.	155 – 349	190 - 199
PVC DIP	Direct injection process is a process where the PVC compound is injected by a machine fitted with upper in the end, making a complete shoe through the direct injection system.	130 – 499	155 - 349
Stuck On	This process is mainly used for making hi-profile leather and sports shoes, where the readymade upper and sole is fitted by applying adhesive for strong bonding between sole and upper, which is passed through an assembling line and chilling process to make a complete shoe.	399 - 999	130 - 499

We believe our retail brand recall increases the demand for our more premium products, thereby enabling us to upscale the product mix in the distribution business vertical. Given the changing consumer preferences and trends towards premium products, our Company has started introducing premiumised versions of our product offerings in Hawai, PVC and PU, since 2015. We intend to also increase our product portfolio available for distribution, by improving designs and introducing new products. We intend to continue to increase the ASP of our products, by focussing on distributing premium products and upscale our product mix, while continuing to provide our existing range of products to our distributors.

We also intend to increase our profitability by increasing our gross margins from the distribution business, by increasing our volume of sales of premium products.

#### *Key Financial Metrics*

##### *Change in distribution business over the last quarter and five fiscal years*

	Three month period ended June 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Revenue (in ₹ million) *	483.83	1,347.05	992.34	667.65	526.73	550.89
Gross margin(%)**	37.76%	39.19%	38.71%	24.36%	33.54%	28.48%

\*Net of discount and taxes

\*\*Gross margin for outsourced items is on purchase price and for manufactured items is on material cost

#### **Design Process**

We have a detailed designing process pursuant to which we create designs for each season or occasion, and develop collections for festive, winter, marriage and spring-summer. SKUs are developed and the shoe line is prepared based on current trend of designs and colors. We plan our design cycle to ensure that the development of products, decision on a shoe-line, purchase and delivery to our distributors and exclusive retail stores, span over six months. The pricing of our products is determined after the products are finalized, and the shoe-line is decided.

We draw inspiration from the mood of the season, fashion and colour of the particular season. We follow and survey fashion trends across international and domestic markets. Continued market research enables us to understand the changing needs and preferences of our consumers. We then customise these designs in line with our ethos of providing affordable fashion.

We also develop separate range of SKUs to suit regional preferences. For instance, our customers in South India prefer traditional colours and designs.

Presently, we have a design team of 16 members, all located in Kolkata.

### **Manufacturing and Procurement**

#### *Retail Business*

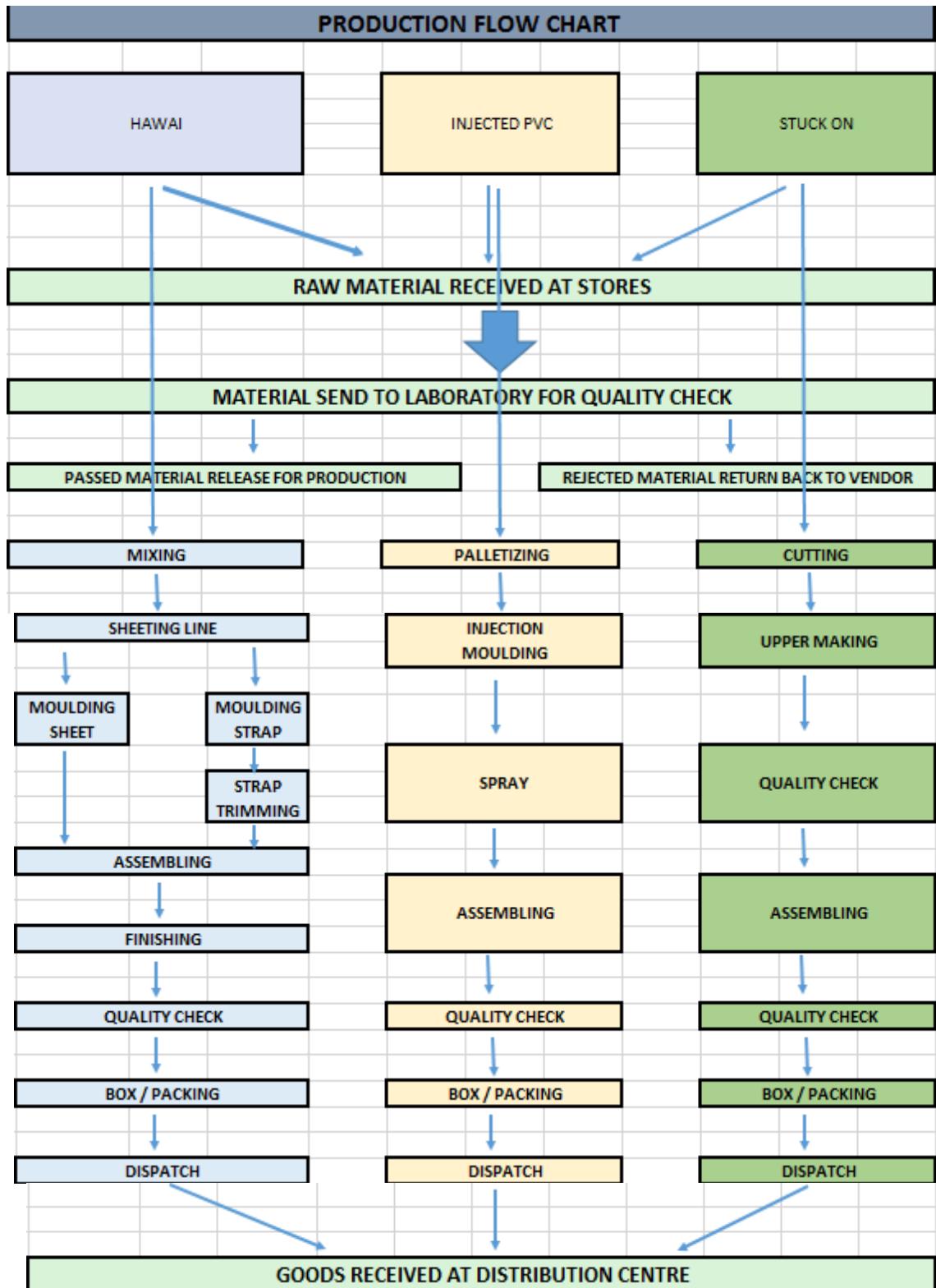
Due to the fashion oriented nature of the retail business requiring lower volume per SKU, a significant portion of our products sold through our exclusive retail stores are sourced from outsourced vendors, who are able to deliver smaller quantities of premium high quality products. The portion of products procured from outsourced vendors amounted to 89.18% and 85.60% of our products, in the three month period ended June 30, 2017 and fiscal 2017, respectively.

Our top 10 outsourced vendors contribute to 33.83% and 32.69% of our total outsourced production by value in the three month period ended June 30, 2017 and fiscal 2017, respectively. We have rationalized our vendor base over the years and as at June 30, 2017, we had 107 outsourced vendors and as at March 31, 2017, we had 130 outsourced vendors compared to 182 outsourced vendors as at March 31, 2013.

With regards to quality control, we have established a four stage process, which includes pre-production laboratory testing of raw material, quality and process check on production line, inspection of finished goods at vendor premise and random inspection at distribution centres prior to shipment.

#### *Distribution Business*

A significant portion our products sold through our distributors are manufactured by our Company at our own manufacturing facilities and through contract manufacturing facilities, allowing for economies of scale and better control over cost and quality.



The manufacturing process can be broadly divided into five stages being, (i) mixing of compound; (ii) sheeting and palletizing; (iii) compressed and injection moulding; (iv) assembling; and (v) finishing and packing.

(i) Mixing of Compound

Various compounds including polymer, chemical, fillers, plastisizers, vulcanising agents and colours are mixed to make a formulation based on the requirement of each product, which is then put in a high speed

mixer or kneader to form semi-viscous lumps of mixture.

(ii) Sheeting and Pelletizing

Machine such as mixing mills, sheeting lines with slice cutters and pelletizing units with air dry and cyclone are used for sheeting and pelletizing. In this process we pass the mixed compound through a mixing mill to make a homogeneous mixture and pass it through a sheeting line to convert into un-vulcanised sheets. Similarly, to form pelletizing granules the above compound mixture is passed through the extruder by cutting process through an air cyclone and stored in cooling tank for ageing, then sealed in a bag for the next process of manufacturing.

(iii) Compressed and Injection Moulding

In this process some of the machines required are sheet press, boiler, injection moulding machine and mould. For making sheet to produce Hawai and fabricated slippers, we make sheets for which a sheet press connected with boiler steam and mould is required of certain temperature. Sliced combined pieces of un-vulcanised sheets are loaded in the sheet press where the mould is loaded at the specified temperature and then the mould plate is closed for specified time for vulcanisation. Once the mould opens, complete vulcanised sheets/straps are removed for cooling and trimming. The cooled sheets and straps are used for the next process.

In case of injection moulding process, the pelletized granules are put in a hopper of PVC/ EVA injection moulding machine which is ready with mould and temperature. The granule passing through the hot screw barrel converts it to a semi-viscous form to be injected in the mould passing through the cooling system. Once the mould opens after specified time, slippers are obtained which is kept in a rack for the next process.

(iv) Assembling

Assembling of footwear is primarily carried out at the manufacturing facilities in Kolkata which involves cutting of soles from the sheets, fitting strap in to the sole, printing on soles, edge buffing of soles, pasting of fabricated Hawai, trimming of injected PVC/EVA footwear, lasting of leather stuck on shoe etc. These processes use a combination of mechanised and human skill to achieve the desired standards.

(v) Finishing and packaging

Upon completion of the manufacturing process, the footwear undergoes finishing and quality control checks, and is packaged thereafter. The finishing process involves labelling, tagging, removal of loose and unwanted trims, flash, threads. We consider the quality of our final product very important and hence care is taken to ensure that the footwear that is dispatched to the warehouse has undergone in-house quality checks. We are also very careful in ensuring that the pairs of footwear are packaged in a manner that will protect them from any wear or tear. Our packing department takes into consideration all the above factors and makes the product ready for sending to the distribution centres and our exclusive retail stores. The finished goods are dispatched to our distribution centers.

*Waste disposal*

Waste produced at our manufacturing facilities is regularly monitored and controlled. Hazardous wastes are disposed through proper procedures. Besides this, we have initiated the installation of localised fume extraction, fresh air systems by putting some exhaust fans in printing and mixing section, and wet scrubbers to clean air emissions from packing and buffing section.

The details of our own manufacturing facilities are provided below.

Location	Primary Product Categories	Installed capacity (pairs in million, for the three month period ended June 30, 2017)*	Capacity Utilization (pairs in million, for the three month period ended June 30, 2017)*	Installed capacity (pairs in million, for fiscal 2017)	Capacity Utilization (pairs in million, for fiscal 2017)
Panpur, West Bengal	Hawai	4.27	3.75	14.98	12.49
	Injected EVA and PVC	1.21	0.49	3.46	1.77

<b>Location</b>	<b>Primary Product Categories</b>	<b>Installed capacity (pairs in million, for the three month period ended June 30, 2017)*</b>	<b>Capacity Utilization (pairs in million, for the three month period ended June 30, 2017)*</b>	<b>Installed capacity (pairs in million, for fiscal 2017)</b>	<b>Capacity Utilization (pairs in million, for fiscal 2017)</b>
Kasba, West Bengal	Injected PVC and DIP	1.15	0.83	4.60	2.82
	Stuck on	0.09	0.03	0.36	0.13
<b>Total</b>		<b>6.72</b>	<b>5.10</b>	<b>23.40</b>	<b>17.21</b>

\*Installed capacity for three month period ended June 30, 2017 is pro-rated for the three month period.

Further, we also manufacture products through facilities located at Amgachia, West Bengal and Bahadurgarh, Haryana, for which raw material is supplied by our Company, catering primarily to our distribution business.

Our manufacturing facilities employ modern manufacturing equipment and tools, including PVC air blowing pipes, EVA sheeting lines, beam clickers, dip double colour injection machine, EVA injection moulding machines, sole cutting machines, extruders, packing conveyors, mixing mills, stuck on line, travel head cutting machines, compound mixers, kneaders, swing arm machines and strap press.

We have also established relationships with a large number of vendors for procurement of raw material, to reduce any risk of supplier concentration. As at June 30, 2017 and March 31, 2017, we procured raw materials, including PVC, leather, rubber, EVA, PU and other compounds from 33 major suppliers. As of now, we have ensured that no single raw material supplier contributes to more than 15% of our total raw material procurement.

At our manufacturing facilities, we enforce stringent quality control processes to adhere to the production process. We undertake systematic and regular monitoring to ensure use of specified quality of raw material. All raw materials undergo a pre-production laboratory test to ensure its quality. There is a continuous process check on the production line to ensure consistency and quality in our finished goods at our own manufacturing and contract manufacturing facilities.

### **Supply Chain Management**

To ensure that the right product is placed in the right quantities at the right place and at the right time, we have developed a process to replenish stock, on a priority based system. In this system, each SKU is classified based on the location where such product is intended to be sold and an estimate of the quantity of such SKU, which is referred to as a ‘norm’. Further, this adjusts itself on the basis of actual against budgeted sales, leading to a pull based delivery to our exclusive retail stores, where orders placed by COOs are automated based on ‘norms’ set, and orders placed by EBOs are based on actual sales for each SKU. Supply is made from our distribution centres based on the availability of such SKU at the distribution centers, which is also tracked through our replenishment system.

We believe this enables us to maintain complete visibility over our inventory at all levels and manage orders and procurement against actual sales, which prevents stock outs and dead stock. We manage our inventory by tracking sales in our COOs and our top 100 EBOs and warehouses which helps us monitor the quantum of inventory at our exclusive retail stores and warehouses and identify the fast and slow moving stock better.

### **Warehousing and Logistics**

We have four distribution centers across India, located at Bantala and Titagarh in West Bengal, Chennai in Tamil Nadu and New Delhi. We have also entered into agreements with two carrying and forwarding agents at Patna in Bihar and Guwahati in Assam, for warehousing.

Our distribution centers at Bantala and New Delhi also serve as purchase hubs for products purchased by our Company from outsourced vendors, with respect to our retail business. Further, our distribution centre at Titagarh exclusively caters to our distribution business, which also serves as a purchase hub for products purchased by our Company from outsourced vendors, with respect to our distribution business.

Through our distribution centres, we supply our products to our exclusive retail stores and distributors. Our distribution centres are segregated, stacked and racked, category-wise. Upon receipt of orders from franchisees,

distributors or regional distribution centres, orders are scheduled and processed. For COOs, we follow a method of auto-replenishment based on stock norms that are set for each SKU to be maintained at every COO.

Transportation vendors are selected based on location and load distribution.

We track the entire process until the delivery is completed.

## **Other businesses**

### *Institutional Business*

During fiscal year 2017, our Company commenced the institutional business and supplied products directly to several institutions, including certain government departments in the states of West Bengal and Tamil Nadu. Revenues from the institutional business accounted for ₹3.00 million and ₹169.22 million in the three month period ended June 30, 2017 and fiscal 2017, respectively. We have set-up a separate team to develop and cater to this business.

### *Export Business*

Our Company exports certain of our products, manufactured by us on a contract basis. We are presently engaged in exporting footwear to countries including United Kingdom, France, Spain, Ghana and United Arab Emirates. Revenues from our export business accounted for ₹7.69 million and ₹20.22 million in the three month period ended June 30, 2017 and in fiscal 2017, respectively.

## **Marketing**

We allocate our marketing and ad-spend depending on the target audience and expected sales from a specified region. Our marketing initiatives are predominantly regional media based, to ensure maximum outreach at optimal cost. We engage media and creative agencies to ensure high quality of campaigns. Our marketing activities support, brand promotions, product collection launches, season based new arrivals, general promotions, schemes/promotions/sales/discounts/consumer offers, festivals and occasions. Our Company also sponsored the Kolkata Knight Riders team in the Indian Premiere League, for 2016 and 2017.

We market our products through television and print advertisements, both at the regional and national level, radio and social media.

## **Divestment of non-core businesses**

We were also engaged in certain non-core businesses pursuant to which, we operated Khadim's Khazana and Egaro, large format retail stores offering various products including apparel, grocery and beauty products. Further, we operated Khadim's Sona Khazana, four retail stores engaged in the gold jewelry business.

We discontinued the Egaro business in 2009, Khadim's Khazana in 2015 and Khadim's Sona Khazana in 2016.

## **Risk Management**

Our risk management framework includes our policy on risk assessment and minimization procedures approved by our Board to develop an approach to identify, assess and manage risks in financial, operational and project based areas in timely manner. The policy lays down guiding principles on proactive planning for identifying, analysing and mitigating all material risks, both external and internal, and covering operational, financial and strategic risks. After risks have been identified, risk mitigation solutions are determined to bring risk exposure levels in line with risk appetite. Our Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our business activities.

## **Human Resources**

Our employees include sales, IT, administrative, finance, marketing, procurement, logistics, design, merchandise and factory personnel. As at June 30, 2017 and March 31, 2017, we had 820 and 791 full-time employees, respectively. We also employed 1607 and 1,486 personnel for our stores, warehouses and

manufacturing facilities, on a contract basis for such periods. A mix of full-time employees and contract personnel gives us flexibility to run our business efficiently.

We believe in developing a strong relationship with our employees. We provide performance-linked incentives for all our employees, in addition to their fixed salary. Our performance-linked incentives consist of additional remuneration payments determined based on each employee's performance and position. Our Company has also adopted the ESOP 2017.

We believe that our emphasis on training our employees improves our operations and efficiency as well as our customer service standards. Through our regular in-house training programs, employees receive training on areas such as (i) responsibilities to customers on product quality and customer services; (ii) operational procedures of our exclusive retail stores and; (iii) manufacturing process.

### **Competition**

We believe that we are one of the few companies with a comprehensive business model encompassing footwear retail and distribution across India. Though, we have a comprehensive business model we do compete with various other brands present in the footwear industry.

With respect to our retail business, we compete with brands including Bata, Liberty and Metro, among others. Further, with respect to our distribution business, we compete with brands including Relaxo, Paragon, VKC and Ajanta, among others.

### **Insurance**

We maintain insurance policies customary for our industry to cover certain risks, including fire and other natural and accidental risks at our facilities, money insurance, stock insurance and loss of profit insurance. Additionally, we have taken insurance for our COOs and distribution centres. Our Company has also maintained vehicular insurance and transit insurance policies. Further, we have taken directors and officers liability insurance, commercial liability insurance and machinery breakdown insurances. Our insurance policies have standard exclusions. We believe that our insurance policies and coverage is sufficient for our business and operational needs as per industry standards.

### **CSR Initiatives**

Our Company has taken several philanthropic initiatives in the healthcare segment. In the fiscals 2016 and 2017, our Company had donated three ambulances to different local authorities in West Bengal and also contributed to Ramkrishna Mission towards a C-PAP machine for the paediatric department, which is used for providing life support to new born babies.

### **Property**

As at June 30, 2017, we have entered into long-term lease, leave and license or business conducting arrangements for 153 COOs and we operated 15 COOs from properties which are owned by us. Our Registered and Corporate Office and our office in Chennai are on a long term tenancy or lease basis. Further, our office in Delhi is owned by us.

We own two manufacturing facilities, at Panpur and Kasba, both in West Bengal, which are under long term lease arrangements. Our four distribution centers at Bantala and Titagarh in West Bengal, Chennai in Tamil Nadu and New Delhi, are on a long term tenancy or leasehold basis.

### **Intellectual Property**

We operate our retail and distribution business under the name and brand '*Khadim's*', which is registered as a trademark of our Company as a word mark and label, under various classes. Within the territory of India we also own registered trademarks under various classes. This also includes our nine of the sub-brands we promote, being, '*Pro*', '*Lazard*', '*Softouch*', '*British Walker*', '*Sharon*', '*Cleo*', '*Turk*', '*Bonito*' and '*Adrianna*'. Further, we have several registered designs under the Designs Act, 2000 ("**Designs Act**") and also own copyrights in labels, logos and artistic works with respect to jingle and text.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations currently in force in India, which are applicable to our Company's business and business operations. The information detailed in this section has been obtained from publications available in the public domain. The description set out below is not exhaustive, and is only intended to provide general information to Bidders and is neither designed nor intended to substitute for professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial or administrative decisions.*

*For further information on regulatory approvals obtained by our Company, please see the section entitled "Government Approvals" on page 252.*

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

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

### ***Shops and Establishments Legislations***

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

### ***Legal Metrology Act, 2009***

The Legal Metrology Act, 2009 ("Legal Metrology Act") seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Legal Metrology Act provides that for prescribed specifications of all weights and measures should to be based on metric system only.

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

### ***The Environment Protection Act 1986***

The Environment Protection Act 1986 ("Environment Protection Act") was enacted to act as an "umbrella" legislation designed to provide a frame work for co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorises the central government to protect and improve environment quality, control and reduce pollution.

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

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

#### ***The Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Cess Act, 1977 (“Water Cess Act”)***

The Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) was enacted to provide for the prevention and control of water pollution and the maintaining or restoring of wholesomeness of water. Further, the Water Act also provides for the establishment of boards with a view to carrying out the aforesaid purposes for conferring on and assigning to such boards powers and functions relating thereto.

In addition, the Water (Prevention and Control of Pollution) Cess Act, 1977 (“**Water Cess Act**”) was enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the central board and state boards for the prevention and control of water pollution constituted under the Water Act.

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

The objective of the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (“**Hazardous Waste Rules**”) is to control the collection, reception, treatment and storage of hazardous waste. The Hazardous Waste Rules prescribes for every person who is engaged in generation, treatment, processing, package, storage, transportation, use, collection, destruction, conversion, recycling, offering for sale, import, export, transfer or the like of the hazardous and other wastes to obtain an authorisation from the relevant state pollution control board.

#### ***The Rubber Act, 1947 (“Rubber Act”)***

The Rubber Act was enacted for development of the rubber industry in India. In terms of the Rubber Act, a Rubber Board is duly constituted. Further, various functions of the Rubber Board are enlisted under the Rubber Act including the promotion of the development of rubber industry. Moreover, the Rubber Board is empowered under the Rubber Act to prohibit, restrict or otherwise control the import or export of rubber. Such power is exercisable by the Rubber Board with the approval of Central Government and such selling or purchase can be done at the prices so fixed by the Central Government.

#### **Laws relating employment**

We are subject to various labour laws for the safety, protection, condition of working, employment terms and welfare of labourers and/or employees of our Company.

In respect of each of our manufacturing facilities, our Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “**CLRA Act**”), and the rules framed thereunder which requires our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA Act.

The Industrial Disputes Act, 1947, as amended, provides for statutory mechanism of settlement of all industrial disputes, a term which primarily refers to a dispute or difference between employers and workmen concerning employment or the terms of employment or with the conditions of labour of any person.

The Workmen’s Compensation Act, 1923 (“**Workmen’s Compensation Act**”) aims at providing financial protection to workmen and their dependants in case of accidental injury by means of payment of compensation

by the employers. The compensation is also payable for some occupational diseases contracted by workmen during the course of their employment. The Workmen's Compensation Act prescribes that if personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation.

Our Company is subject to other laws concerning condition of working, benefit and welfare of our labourers and employees such as the Industrial Employment (Standing Orders) Act, 1946, the Public Liability Insurance Act, 1991, the Employees State Insurance Act 1948, the Employees (Provident Fund and Miscellaneous Provisions) Act, 1952, the Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, the Minimum Wages Act, 1948, the Payment of Wages Act, 1936, the Equal Remuneration Act, 1976, the Child Labour (Protection Regulation) act, 1986, the Maternity Benefit Act, 1961, Apprentices Act, 1961 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### ***Intellectual Property Laws***

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

#### ***Other Indian laws***

In addition to the above, our Company are also governed by the provisions of the Companies Act and rules framed thereunder, relevant central and state tax laws, foreign exchange and investment laws and foreign trade laws and other applicable laws and regulation imposed by the central and state government and other authorities for over day to day business, operations and administration.

## **HISTORY AND CERTAIN CORPORATE MATTERS**

### **Brief History of our Company**

Our Company was originally incorporated on December 3, 1981 as S.N. Footwear Industries Private Limited, a private limited company under the Companies Act, 1956, with the RoC. Thereafter, the name of our Company was changed to Khadim Chain Stores Private Limited to align the name of our Company with our brand, pursuant to the resolution of the shareholders dated November 10, 1997 and a fresh certificate of incorporation consequent on change of name dated April 17, 1998 was accordingly issued by the RoC. The name of our Company was changed to Khadim Chain Stores Limited, due to conversion into a public limited company pursuant to resolution of the shareholders dated April 12, 2005 and a fresh certificate of incorporation consequent on change of name dated June 24, 2005 was accordingly issued by the RoC. Subsequently, the name of our Company was changed to Khadim India Limited, to reflect the comprehensive nature of the business conducted by our Company, and pursuant to the resolution of the shareholders dated August 8, 2005, and a fresh certificate of incorporation consequent on change of name dated August 26, 2005 was accordingly issued by the RoC.

### **Changes in the Registered Office of our Company**

The details of changes in the Registered Office of our Company are set forth below.

<b>Date of Change of Registered Office</b>	<b>Details of the Address of Registered Office</b>	<b>Reason(s) for Change</b>
February 16, 1998*	Registered office of our Company was changed from Plot 22, Block A, Bangur Avenue, Kolkata 700 055 to 24A, Rabindra Sarani, Room No 56, 2nd Floor, Kolkata 700073.	For operational efficiencies.
March 8, 2006	Registered office of our Company was changed from 24A, Rabindra Sarani, Room No 56, 2nd Floor, Kolkata 700 073 to 'Kankaria Estate', 5th Floor, 6, Little Russell Street, Kolkata 700 071.	For expansion of business.

\*Please see "Risk Factor" no. 45 on page 32

### **Main Objects of the Company**

The main objects contained in the Memorandum of Association are set forth below.

- 1. To carry on the Business of manufacturer, importer, exporter, buyer, seller, wholesaler, retailer, agency, broker, distributors, dealers, contractors, consignors, consignee and franchisee of various footwear and related accessories of all form, specification, quality, kind, and size made of or out of natural leather, synthetic leather, rubber, plastic, polymers, textile, canvas or any other raw material suitable for human use; and*
- 2. To carry on the business of manufacturer, importer, exporter, tanner, dealer, processor, agent, broker, distributor and contractor in leather, hides, skin and leather substance.*

### **Amendments to our Memorandum of Association**

The amendments to our Memorandum of Association since the incorporation of our Company are set out below.

<b>Date of shareholders' resolution</b>	<b>Particulars</b>
January 30, 1990*	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹ 150,000 divided into 1,500 Equity Shares of ₹100 each to ₹500,000 divided into 5,000 Equity Shares of ₹100 each.
October 30, 1990*	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹ 500,000 divided into 5,000 Equity Shares of ₹100 each to ₹1,000,000 divided into 10,000 Equity Shares of ₹100 each.
April 24, 1996*	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹1,000,000 divided into 10,000 Equity Shares of ₹100 each to ₹2,000,000 divided into 20,000 Equity Shares of ₹100 each.
November 10, 1997*	Clause III (A) of the MoA was amended to reflect the change in name from S.N. Footwear Industries Private Limited to Khadim Chain Stores Private Limited. The certificate for the change of name was issued on April 17, 1998.
September 26, 1998*	Clause V of the MoA was amended to subdivide each equity share of ₹ 100 each to 10 Equity

<b>Date of shareholders' resolution</b>	<b>Particulars</b>
	Shares of ₹ 10 each.
January 12, 1999*	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹2,00,00,000 divided into 200,000 Equity Shares of ₹10 each to ₹50,00,00,000 divided into 5,000,000 Equity Shares of ₹10 each..
April 12, 2005	Clause V of the MoA was amended to reflect the increase in the authorized share capital of the company from ₹50,00,00,000 divided into 5,000,000 Equity Shares of ₹10 each to ₹ 250,00,00,000 divided into 25,000,000 Equity Shares of ₹10 each.
April 12, 2005	Clause 4 was inserted and Clause B (i) was deleted in the Memorandum of Association by way of a Special Resolution. <i>"4. To acquire, take over, promotes, establish and carry on the business and trade of Departmental stores dealing in all goods, Hotels and Restaurants, dealing in food provision and drinks of all kinds."</i>
April 12, 2005	Clause III (A) of the MoA was amended to reflect the change in name from Khadim Chain Stores Private Limited to Khadim Chain Stores Limited. The certificate for the change of name was issued on June 24, 2005.
August 8, 2005	Clause III (A) of the MoA was amended to reflect the change in name from Khadim Chain Stores Limited to Khadim India Limited. The certificate for the change of name was issued on August 26, 2005.
August 8, 2005	Clause III (A) of the MoA was altered to include the following as the main objects: <i>"5: To carry on the business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealing in gold and also in all other precious metals, of all hues and colours and of all levels of purity, in bullion form or in the form of Jewellery or artefacts and decorative items or the like;</i> <i>6: To carry on business of manufacturer, processor, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealing in all forms of precious, semiprecious and other stones, whether in the form of jewellery or set in or attached to any jewellery or artefacts or decorative items or the like or otherwise;</i> <i>7: To carry on business of manufacturer, processor, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealing in all forms of imitation jewellery, fashion wear, artefacts or decorative items whether made out of metals, crystals, glass, stones, terracotta, textiles, leather or any other material or a combination thereof."</i>
November 3, 2005	Clause III (A) of the MoA was altered to insert the following main objects : <i>"8. To produce, buy, sell, import, export or otherwise deal in cinematographic films, advertisement / promotional films, educational films, documentary films, television films, television serials (fictional or non-fictional), video films and video cassettes, animation films products of innovative idea, including Software and Hardware and any other multimedia productions through digital, analogue or any other technological medium including Direct-To-Home (DTH) systems and to establish, import, purchase, exchange take on lease or hire, develop or otherwise acquire and maintain and to sell or hire studios, laboratories, cinemas, picture places, halls, theatres, multiplexes, web sites, web servers, equipments etc. for development, production, processing, printing and exhibition of films and multimedia productions and to carry on the business of projection, exhibition and distribution of cinematographic films, television films, video films, advertisement / promotional films, educational films, documentary films, television serials (fictional or non-fictional), video films, animation films and any other multimedia productions, and acquiring or selling rights therein and also to launch satellite channels and / or buy electronic media time in various channels to air various programmes either acquired or produced."</i>
September 26, 2006	Clause III(B) of the MoA was altered to include the following ancillary objects: <i>"t. To guarantee the payment of money secured by or payable under or in respect of bonds, debentures, debenture-stocks, contracts, mortgages, charges, obligations and other securities of any company or of any authority, Central, State, Municipal, local or otherwise, or of any person howsoever, whether incorporated or not incorporated;</i> <i>u. To apply for, purchase or otherwise acquire, protect and renew in any part of the world patents, licences, concessions, patent rights, trade marks, designs and the like, conferring any exclusive or non-exclusive or limited right to their use, any secret or other information regarding any invention or research which may seem capable of being used for any of the purposes of the Company."</i>
January 25, 2007	Clause III(A) of the MoA was altered to amend the following main objects with below: <i>"9. To carry on the business of producer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in rice, wheat, cereals of all kind, spices (both in original and ground form), sugar, jaggery, table salt and salt of all variety, edible oils, flour of all variety, capable of being used for domestic and commercial purpose;</i> <i>10. To carry on the Business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in Bleaching preparations, and other substances for laundry use, cleaning, polishing, scouring and abrasive preparations; soaps, perfumery, essential oils,</i>

<b>Date of shareholders' resolution</b>	<b>Particulars</b>
	<p><i>cosmetics, hair lotions, disinfectants, germicide and herbicide, dentifrices and allied products for industrial, domestic and commercial purpose;</i></p> <p><i>11. To carry on the Business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in all kinds of electrical, electronic goods and other white goods and allied products for industrial, domestic and commercial purpose;</i></p> <p><i>12. To carry on the Business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in garments of all type, home linen, bath linen, bed linen, and other derivatives cotton and cotton substitutes for industrial, domestic and commercial purpose.</i></p> <p><i>13. To carry on the Business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in toys of all kinds;</i></p> <p><i>14. To carry on the Business of manufacturer, importer, exporter, buyer, seller, broker, agent, distributor, contractor and dealer in toys of all kinds all kinds of School and Office Stationary items, drawing and painting instruments, writing instruments, water bottles , Tiffin box, school bag, gift set, files, folders, note books, diaries for industrial, domestic and commercial purpose.”</i></p>
August 6, 2007	<p>Clause III(A) of the MoA was altered by substituting the existing clause 2 in Clause A relating to the main objects under Clause III of the MoA with below:</p> <p><i>“2. To carry on the Business of manufacturer, importer, exporter, buyer, seller, dealer, wholeseller retailer, agency, broker, distributors, dealers, contractors, consignors, consignee and franchisee of various footwear and related accessories made from natural and synthetic leather, bags, suitcases, and allied products for industrial, domestic and commercial purpose.”</i></p>
September 22, 2010	<p>Clause III(A) of the MoA was altered by substituting the existing clause 2 in Clause A relating to the main objects under Clause III of the MoA with below:</p> <p><i>“2. To carry on the Business of manufacturer, importer, exporter, buyer, seller, wholesaler, retailer, agency, broker, distributors, dealers, contractors, consignors, consignee and franchisee of various footwear and related accessories of all form, specification, quality, kind and size made of or out of natural leather, synthetic leather, rubber, plastic, polymers, textile, canvas or any other raw material suitable for human use.”</i></p>
April 8, 2011	<p>Clause III(B)(e) of the MoA was altered by substituting the existing clause e in Clause B relating to the objects incidental or ancillary to the attainment of the main objects under Clause III of the MoA with below:</p> <p><i>“e. To obtain loan, raise and borrow moneys, debentures, bond, obligations, deposit notes and to utilize money so raised for the purpose of Company's business. Provided that the loan so obtained or moneys so borrowed or debentures, bond, obligations, deposit notes so issued, may be converted into equity shares of the company, issued at a premium, discount or otherwise, subject to the approval of the shareholders of the Company at a general meeting by a special resolution”.</i></p>
September 17, 2013	<p>Clause V of the MoA was amended to reflect the increase in the authorised share capital from ₹250,000,000 divided into 25,000,000 Equity Shares of ₹10 each to ₹500,000,000 divided into 50,000,000 Equity Shares of ₹10 each.</p>
October 29, 2013	<p>Clause V of the MoA was amended to increase the authorized share capital from ₹500,000,000 divided into 50,000,000 Equity Shares of ₹10 each to ₹600,000,000 divided into 60,000,000 Equity Shares of ₹10 each.</p>
March 19, 2014	<p>Clause V of the MoA was amended to reflect the reduction in the face value of the Equity Shares from ₹10 per equity share to ₹ 2.5 per Equity Share, thereby altering the authorised share capital of our Company of ₹600,000,000 from 60,000,000 Equity Shares of ₹ 10 each to 240,000,000 equity shares of ₹ 2.50 each.</p>
June 4, 2014	<p>Clause V of the MoA was amended to reflect the consolidation of the face value of the Equity Shares from ₹ 2.5 per Equity Share to ₹10 per Equity Share, thereby altering the authorised share capital of our Company of ₹600,000,000 from 240,000,000 Equity Shares of ₹ 2.50 each to 60,000,000 Equity Shares of ₹ 10 each.</p>
June 3, 2017	<p>MoA was amended to make it align with the Companies Act, further Clause III of the MoA was amended to reflect the following changes:</p> <p>Sub-clause 1 of Clause III (A) was deleted.</p> <p>Sub-clauses 2 and 3 of Clause III (A) was shifted under “Main Objects to be pursued by the Company on its incorporation” as:</p> <p><i>“1. To carry on the Business of manufacturer, importer, exporter, buyer, seller, wholesaler, retailer, agency, broker, distributors, dealers, contractors, consignors, consignee and franchisee of various footwear and related accessories of all form, specification, quality, kind, and size made of or out of natural leather, synthetic leather, rubber, plastic, polymers, textile, canvas or any other raw material suitable for human use.</i></p> <p><i>2. To carry on the business of manufacturer, importer, exporter, tanner, dealer, processor, agent, broker, distributor and contractor in leather, hides, skin and leather substance.”</i></p>

Date of shareholders' resolution	Particulars
	<p>The nomenclature of Clause III (B) was changed to be read as:</p> <p><i>“Matters which are necessary for furtherance of the objects specified in clause III A are:”</i></p> <p>Sub-clauses 4-14 of Clause III (A) was shifted after sub-clause u as sub-clauses v-ff in Clause III (B).</p> <p>Sub-clause (f) of Clause III (B) was shifted to Clause III (B) as sub-clause (gg).</p> <p>Clause III (C) was deleted.</p> <p>Clause IV was amended to read as:</p> <p>“The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.”</p> <p>Clause V was amended to read as:</p> <p>“The Authorised Share Capital of the Company is ₹ 60,00,00,000/- (Rupees sixty crore only) divided into 6,00,00,000 (six crore only) Equity Shares of ₹ 10 each</p>

\*Please see Risk Factor number 45 on page 32

### Major Events and Milestones of our Company

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

Financial Year	Particulars
1981	Incorporated as a private limited company.  Our Company acquired and took over the business of M/s S.N. Industries as a going concern with all its assets and liabilities.
1993	Commenced our retail business through COOs for footwear products.
1999	Commenced retail operations in South India through four owned retail outlets with two in Chennai and one apiece in Bengaluru and Secunderabad.
2002	Commenced manufacturing operations for footwear and leather products at our manufacturing facility at Kasba Industrial Estate, West Bengal.
2005	Accredited with ISO 9001:2000 certification with respect to our manufacturing facility at Kasba Industrial Estate, West Bengal.
2005	Merger of five entities with the Company pursuant to order of the Calcutta High Court dated June 22, 2005.
2010	Commenced distribution operations at our central distribution centre at Bantala, West Bengal.
2013	Accredited with ISO 9001: 2008 certification with respect to our manufacturing facility at Kasba Industrial Estate, West Bengal.
2014	Commenced e-commerce retailing operations through our Company's e-commerce website, while also utilising online market place(s).
2015	Expanded retail business to include the 'shop-in-shop' retailing model.
2016	Accredited with ISO 9001:2015 certification with respect to our manufacturing facility at Kasba Industrial Estate, West Bengal.

### Awards, Accreditations and Accolades received by our Company

The table below sets forth the key awards, accreditations and accolades received by our Company.

Year	Awards and Accreditations
2010	Our Company has been ranked highest on parameters such as “top of mind recall”, “total awareness”, “attractiveness of design”, “brand power”, as per Brandwatch Bengal published by Anandabazar Patrika (as per a study in 2010)
2011	Our Company was awarded the “Bengal’s Best (Footwear)” by Brandwatch Bengal, an initiative of Anandabazar Patrika Group
2011	Our Company was awarded the “Most Admired Footwear Retailer (East India), 2011” at the East India Retail Summit, 2011
2012	Our Company was awarded the “Most Admired Footwear Retailer (East India), 2012” in the East India

Year	Awards and Accreditations
	Retail Summit, 2012
2013	Our Company was awarded the “Most Attractive Footwear Brand- Retail footwear” at the India’s Most Attractive Brands Awards, 2013
2014	Our Company was awarded the “IMAGES Most Admired Footwear Retailer of the Year (East)” award at the Images Shoes & Accessories Awards, 2014.
2015	Our Company awarded the “Most Preferred Footwear Brand of the Year” at the North-East Consumer Awards 2014 conducted in January 2015

### **Holding company**

As on the date of this Red Herring Prospectus, Knightsville Private Limited is our holding company. For further details see “*Our Promoters and Promoter Group*” on page 149.

### **Subsidiaries**

As on the date of this Red Herring Prospectus, our Company does not have any subsidiary.

### **Corporate profile of our Company**

For information on our Company’s corporate profile, history, activities, services, products, market of each geographical segment, technology used, capacity build-up, growth, exports and details of foreign operations, standing with reference to prominent competitors with reference to our products, management and managerial competence, major suppliers and customers, environmental issues etc. please see the sections entitled “*Our Management*”, “*Our Business*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, “*Financial Statements*” and “*Risk Factors*” beginning on pages 133, 104, 88, 223, 160 and 14, respectively.

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

Other than as disclosed in the section entitled “*Our Business- Divestment of non-core business*” on page 120, there have been no changes in the activities of our Company during the last five years which may have had a material effect on the profit and loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

### **Capital-raising activities through equity and debt**

For details regarding our Company’s capital-raising activities through equity and debt, as applicable, please see the sections entitled “*Capital Structure*”, “*Financial Indebtedness*”, and “*Financial Statements*” beginning on pages 60, 220 and 160, respectively.

### **Time/Cost Over-runs**

There have been no significant time and cost over-runs pertaining to our business operations of our Company.

### **Defaults or rescheduling of borrowings and conversions of loans into equity**

There have been no defaults or rescheduling of the borrowings of our Company with financial institutions/banks. Other than the conversion of the CCDs, none of the outstanding loans have been converted into Equity Shares.

### **Lock-outs or strikes**

There have been no lock-outs or strikes at any time in our Company.

### **Injunctions or restraining order**

Our Company is not presently operating under any injunction or restraining order.

### **Details regarding acquisition of business/undertakings/mergers and amalgamation**

*Scheme of Amalgamation between Khadim Holdings Private Limited, Khadim Shoe Private Limited, Khadim Industries Private Limited, Colt Enterprises Private Limited and Aar Ess Land development Private Limited*

(collectively, the “**Merged Entities**”) and our Company operating under our earlier name, Khadim Chain Stores Limited

With effect from October 1, 2004, the Merged Entities, group companies of our Company, were merged with our Company pursuant to a scheme of amalgamation (the “**Scheme**”) pursuant to family arrangement dated June 14, 2005. The rationale of the Scheme was to consolidate the operation of stores under the ‘Khadim’s’ brand name, and to consolidate the manufacturing, procurement, wholesale and retailing business of footwear and leather accessories along with super store business into single focused entity to ensure that the value in the business was better utilised, for more economic and efficient management, running and control of footwear and retailing business of transferor companies and transferee company. Pursuant to order dated June 22, 2005, the Calcutta High Court approved the Scheme, and the merger was effected. Salient features of the Scheme are set forth below.

1. The business and undertakings of the Merged Entities, in their entirety, as on the appointed date of October 1, 2004, were transferred to and vested with our Company and the Merged Entities were dissolved without winding up.
2. All the employees of the Merged Entities became employees of our Company on terms and conditions not less favourable than those on which they were engaged by the Merged Entities, without any interruption in service.
3. In consideration of the transfer and vesting of the undertaking and the assets and liabilities of the Merged Entities pursuant to the Scheme, our Company allotted 5,639,308 Equity Shares to the existing shareholders of the Merged Entities. For details of such allotment, please see the section entitled “*Capital Structure*”, on page 60.
4. The name of our Company was changed upon the Scheme being sanctioned.
5. The difference between the net value of assets and the liabilities shall be credited to an amalgamation reserve account of the Merged Entities or debited to good will account as the case may be.

### **Settlement order**

Partha Roy Burman, one of the sons of Satya Prasad Roy Burman and brother of our Promoter, Siddhartha Roy Burman, along with his wife, Basabdupta Roy Burman (the “**Petitioners**”), had filed a petition before the Company Law Board, Principal Bench, New Delhi (the “**CLB**”) against our Company, our Promoters and certain members of the Promoter Group (the “**Respondents**”) alleging mismanagement of our Company and oppression of the Petitioners by the Respondents. The Petitioners had sought for, *inter alia*, a direction (i) to supersede the board of directors of our Company; (ii) to frame a scheme of management for managing the administration of our Company and our corporate Promoter; and (iii) to appoint an administrator and/or special officer for supervision the management and administration of our Company and our corporate Promoter. The Petitioners and Respondents had subsequently decided to resolve the dispute amicably by way of a family settlement. In terms of the order of the CLB dated July 24, 2009, the Respondents (or any one of them) were required to pay a sum of ₹180 million in six instalments (the “**Settlement Amount**”) and transfer a land admeasuring 8 cottahs, 15 chittacks and 9 square feet situated at 49A Leela Roy Sarani (formerly “Gariahat Road”) (the “**Land**”), Kolkata by the Company to the Petitioners within a period of five years. Subsequent to these payments, the rights/shareholding/directorships of Petitioners in any of the Company related entities would stand revoked (“**Settlement Order**”). Our Company, our corporate Promoter and certain of our Promoter Group was also permitted to reduce its respective share capital without any further action. As on the date of this Red Herring Prospectus, the Respondents have completed payments of the Settlement Amount and transferred the Land in terms of the settlement.

### **Order for Capital Reduction**

The Equity Shareholders through their resolution dated October 30, 2013 approved the scheme of arrangement for reduction of the share capital of our Company (“**Scheme of Reduction**”) under sections 100,101,102 and 103 of the Companies Act, 1956 by reducing the face value of our Equity Shares from ₹10 each to ₹2.50 each, by reducing its securities premium account by ₹ 55,744,319 adjusting with “diminution in value of inventory” amounting to ₹ 220,000,000 and “payments to minority shareholders’ account” amounting to ₹ 199,801,459 (the “**Reduction**”). Subsequently, our Company filed a petition (company petition no. 785 of 2013 connected with company application no. 550 of 2013) under Sections 100 to 103 of the Companies Act, 1956, before the High Court at Calcutta, seeking approval for the Reduction. The High Court at Calcutta, through its order dated March 14, 2014 approved the Reduction. Further, Company obtained a ‘certificate of registration of order confirming reduction of capital from RoC dated June 27, 2014 on submission of said Scheme of Reduction.

Subsequently, the Equity Shareholders through their resolution dated June 4, 2014 approved the consolidation of every four Equity Shares of ₹2.50 each into one Equity Share of ₹10 each, without however increasing the overall authorised share capital of our Company. As on the date of this Red Herring Prospectus, the authorised share capital of our Company is ₹600,00,000 divided into 60,00,000 Equity Shares of ₹10 each, while the paid-up share capital of our Company is ₹172,985,310 divided into 17,298,531 Equity Shares of ₹10 each.

### **Equity Shareholders of our Company**

As on the date of this Red Herring Prospectus, our Company has eight Equity Shareholders. For further information, please see the section entitled “*Capital Structure*”, on page 60.

#### **Strategic or financial partners**

Our Company does not have any other strategic or financial partners.

#### **Shareholders' agreements**

As on the date of this Red Herring Prospectus, our Company has not entered into any shareholders' agreements that are subsisting except as set forth below.

*Securities Subscription and Purchase Agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Khadim Development Company Private Limited, Moviewallah Communication Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Limited (the “SSPA”)*

Pursuant to the SSPA, Reliance PE Scheme I subscribed to 77,463,840 fully-paid up CCDs of our Company at a price of ₹10 for an aggregate subscription amount of ₹774,638,400 for utilisation towards working capital and expansion of business. Reliance PE Scheme I also purchased 331,250 Equity Shares from Khadim Development Company Private Limited for an aggregate purchase consideration of ₹60.29 million. Furthermore, Reliance PE Scheme I purchased 357,550 Equity Shares held by Moviewallah Communications Private Limited for an aggregate purchase consideration of ₹65.07 million. As on the date of this Red Herring Prospectus, all CCDs of our Company have been converted into Equity Shares, and there are no outstanding CCDs of the Company. For further information, please see the section entitled “*Capital Structure*” on page 60.

*Shareholders' agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Private Limited, as amended through the amendment dated June 17, 2017, between the Company, Knightsville Private Limited, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I (“SHA”)*

In connection with the SSPA, our Company entered into the SHA to set out the mutual rights and obligations between certain shareholders of our Company. Pursuant to the SHA, Reliance PE Scheme I has certain rights including:

- (i) the right to receive proceeds from any liquidation event involving our Company, in preference to the other shareholders of our Company;
- (ii) tag-along right in case of a sale of Equity Shares by (late) Satya Prasad Roy Burman, Sidhhartha Roy Burman and certain other Equity Shareholders;
- (iii) the right to appoint nominee directors on the Board including committees of Board;
- (iv) restrictions on share transfer by shareholders of Company other than shares being offered through the Offer for Sale;
- (v) the right to approve transfers of Equity Shares held by Knightsville Private Limited, Siddhartha Roy Burman and certain other Equity Shareholders prior to such transfers, other than the permitted transfers of Equity Shares specified under the SHA; the right to avail information, certain pre-emptive rights, exit rights etc; and
- (vi) affirmative voting rights in relation to matters proposed to be passed at the meetings of the Board (including committees thereof) or meetings of shareholders, including;

- a) the amendment of the constitutional documents of our Company;
- b) the acquisition or disposal of shares or assets of any other business by our Company; and
- c) the declaration of any dividend by our Company.

The SHA may be terminated at the earlier of the successful listing of the Equity Shares on a recognized stock exchange, or upon the Reliance PE Scheme I ceasing to hold 5% of the fully-diluted Equity Share capital of the Company.

Further, the parties to the SHA have entered into an amendment agreement to the SHA on June 17, 2017 (the “**Amendment Agreement**”). Pursuant to the Amendment Agreement, Reliance PE Scheme I has provided its consent to the Offer and all activities required for the purpose of the Offer including amendment of Memorandum of Association and Articles of Association, appointment of independent directors on the Board and consent to release the Equity Shares of the Company held by the Promoters and Other Investors from escrow for the purpose of the Offer. Further, the parties have agreed that restriction on transfer of Equity Shares held by the Promoters and other shareholders shall cease, with effect from the date for filing of this Red Herring Prospectus. The parties have agreed that the SHA shall stand terminated from the date of receipt of listing and trading approvals for listing of the Equity Shares pursuant to the Offer. Further, in the event the Red Herring Prospectus for the Offer is not filed with the RoC by October 31, 2017 or by any further date as may be mutually agreed by Siddhartha Roy Burman and Reliance PE Scheme I, the Amendment Agreement shall stand automatically terminated.

*Escrow Agreement dated September 20, 2013 between our Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Khadim Development Company Private Limited, Tetenal Photocheme Company Private Limited, Moviewallah Communications Private Limited, Reliance PE Scheme I and Khaitan & Co. LLP as amended on June 7, 2017, between our Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Khadim Development Company Private Limited, Tetenal Photocheme Company Private Limited, Moviewallah Communications Private Limited, Reliance PE Scheme I and Khaitan & Co. LLP*

Pursuant to the provisions of the SHA, the parties had entered into the escrow agreement dated September 20, 2013 wherein all Equity Shares held by the Promoters and (late) Satya Prasad Roy Burman and certain other Equity Shareholders of the Company and that of Knightsville Private Limited, were held in escrow account maintained with Khaitan & Co. LLP acting as the escrow agent. The escrow agreement was amended on June 7, 2017 wherein the parties agreed to release Equity Shares held by the Promoters and certain other Shareholders from escrow, which are proposed to be offered in the Offer for Sale and which are required to be dematerialized for undertaking the Offer (“**Released Shares**”). Further, it was agreed that if the Red Herring Prospectus for the Offer is not filed with the RoC by October 31, 2017 or by any further date as may be mutually agreed by Siddhartha Roy Burman and Reliance PE Scheme I, the Released Shares will immediately be rematerialized and deposited in escrow in accordance with the original escrow agreement.

### **Guarantees**

Other than as disclosed in the sections entitled “*Financial Indebtedness*” and “*Financial Statements*” on pages 220 and 160, respectively, our Promoter Selling Shareholder has not given any guarantee to any third parties.

## OUR MANAGEMENT

### **Board of Directors**

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Red Herring Prospectus, our Board comprises of six Directors including one executive director, two nominee directors out of which one is a woman director and three independent directors out of which one is a woman director.

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

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	<p><b>Name:</b> Siddhartha Roy Burman</p> <p><b>Designation:</b> Chairman and Managing Director</p> <p><b>Address:</b> BH-164, Sector II Salt Lake Kolkata 700 091</p> <p><b>Occupation:</b> Businessman</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>DIN:</b> 00043715</p>	55	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Knightsville Private Limited;</li> <li>• Khadim Financial Services Private Limited;</li> <li>• Khadim Development Company Private Limited;</li> <li>• Moviewallah Communications Private Limited; and</li> <li>• Sheila Departmental Store Private Limited.</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
2.	<p><b>Name:</b> Vinayak Vishwanath Kamath</p> <p><b>Designation:</b> Nominee Director</p> <p><b>Address:</b> 1101 Westend Raheja Vihar Chandivali Farm Road Andheri East Mumbai 400 072</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>DIN:</b> 02540608</p>	47	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• Shri Shakti Alternative Energy Limited;</li> <li>• UW Media Ventures Private Limited; and</li> <li>• VIVA Corporate Advisors Private Limited.</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
3.	<p><b>Name:</b> Namrata A. Chotrani</p> <p><b>Designation:</b> Nominee Director</p> <p><b>Address:</b> 12, Maker Tower – A Cuffe Parade Mumbai 400 005</p> <p><b>Occupation:</b> Service</p>	32	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• BEC Steels Limited</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	<p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Liable to retire by rotation</p> <p><b>DIN:</b> 00390845</p>		
4.	<p><b>Name:</b> Dr. Indra Nath Chatterjee</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> Row House No.2 Valentine Apartment General A.K. Vaidya Marg Malad (East) Mumbai 400 097</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five years with effect from September 29, 2014</p> <p><b>DIN:</b> 00122677</p>	73	<p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p>
5.	<p><b>Name:</b> Ashoke Kumar Dutta</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> Flat- GB, 50 Jatin Das Road Kolkata 700 029</p> <p><b>Occupation:</b> Service</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five years with effect from September 29, 2014</p> <p><b>DIN:</b> 00045170</p>	70	<p><i>Indian Companies</i></p> <ul style="list-style-type: none"> <li>• All India Technologies Limited;</li> <li>• International Sign Association of India;</li> <li>• ABC India Limited; and</li> <li>• Batchmates Com Private Limited.</li> </ul> <p><i>Foreign Companies</i></p> <p>Nil</p>
6.	<p><b>Name:</b> Prof. (Dr.) Surabhi Banerjee</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> 28/6 B Nakuleshwar Bhattacharjee Lane Kalighat Circus Avenue Kolkata 700 026</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Term:</b> Five years with effect from</p>	65	<p><i>Indian Companies</i></p> <p>Nil</p> <p><i>Foreign Companies</i></p> <p>Nil</p>

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
	May 25, 2017 <b>DIN:</b> 07829304		

### **Relationship between our Directors**

None of our Directors are related to each other.

### **Brief biographies of Directors**

**Siddhartha Roy Burman** is the Chairman and Managing Director of our Company and is our individual Promoter. He holds a bachelor's degree in Commerce from the University of Calcutta. He is responsible for the overall strategic decision making of our Company and provides leadership to all operations. He has been associated with our Company since its incorporation and was appointed as the Managing Director in April 2005 and subsequently on November 26, 2012, he has been re-designated as Chairman and Managing Director. He has 34 years of experience in the footwear industry.

**Vinayak Vishwanath Kamath** is a Non-Executive, Nominee Director of our Company. He holds a bachelor's degree in Mechanical Engineering from the Birla Institute of Technology & Science, Pilani and a master's degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, University of Bombay. He has completed the "Masterclass for Directors" leading to "Certified Corporate Directorship" issued by the Institute of Directors. He is a Nominee Director of the Investor Selling Shareholder and was appointed to the Board of our Company in March 2016. He has 23 years of experience including five years in textiles, six years in information technology and services and 12 years in private equity and asset management. Prior to joining Fairwinds Asset Managers Limited and he was associated with Halcyon Resources and Management Private Limited as a Director. He is a founder of VIVA Corporate Advisors Private Limited and Viva Corporate LLP. Further, he is on the board of Shri Shakti Alternative Energy Limited and UW Media Ventures Limited. He is also the treasurer of the non-governmental organisation, Catalysts for Social Action.

**Namrata A. Chotrani** is a Non-Executive, Nominee Director of our Company. She holds a bachelor's degree in Commerce from the H. R. College of Commerce & Economics, Mumbai University, and a master's degree in business administration from INSEAD. She is a Nominee Director of the Investor Selling Shareholder and was appointed to the Board of our Company in March 2016. She has been associated with Fairwinds Asset Managers Limited since 2012 and has a total experience of over nine years in tax, private equity and mergers. Prior to joining Fairwinds Asset Managers Limited, she was associated with KPMG.

**Dr. Indra Nath Chatterjee** is a Non-Executive, Independent Director of our Company. He holds a Post-Graduate Diploma in Management from the Indian Institute of Management, Calcutta and a Doctorate in Management from Symbiosis International University. He is a Fellow member of the Institute of Company Secretaries of India and a Fellow member of the Institute of Cost Accountants of India. He has been associated with the Company since 2006 and has 42 years of experience working in multi-national corporations, public sector undertakings, and educational institutions. Prior to joining our Company, he has been associated with Hinduja Group as Group President, Jindal Drilling & Industries Limited as Director and the Oil and Natural Gas Corporation Limited as Director (Finance). Further, he had also been associated with Tata Engineering and Locomotive Company Limited (currently known as Tata Motors Limited), Indian Airlines, Kamani Services Private Limited, Calcutta Business School, IFFCO- Tokio General Insurance Company Limited and Pioneer Insurance Services Limited.

**Ashoke Kumar Dutta** is a Non-Executive, Independent Director of our Company. He holds a bachelor's degree in Science from University of Calcutta and a postgraduate diploma in management from the Indian Institute of Management, Calcutta. He has been associated with our company since 2006 and has over 40 years of experience in working in multi-national corporations, public sector undertakings, media houses and educational institutions. Prior to joining our Company he was a member of the North East Council. He was the professor and dean of the Vinod Gupta School of Management, Indian Institute of Technology, Kharagpur, director of the Rajiv Gandhi Indian Institute of Management, Shillong and a professor of the Ocean University of China.

**Prof. (Dr.) Surabhi Banerjee** is a Non-Executive, Independent Director of our Company. She holds a master's degree in arts from the University of Leeds and a Doctorate in English from University of Calcutta. She has 37 years of experience as an academician. Prior to joining our Company, she was associated with Netaji Subhas Open University as the vice chancellor, with Gour Banga University as the vice-chancellor, and with the Central University of Orissa as vice-chancellor.

### **Confirmations**

None of our Directors are, or were directors of any listed company during the last five years preceding the date of this Red Herring Prospectus, whose shares have been, or were suspended from being traded on the Stock Exchanges.

None of our Directors are, or were directors or promoters of any listed company which has been, or was delisted from any stock exchange and where they were directors during the term of their directorship in such company.

Other than with respect to Siddhartha Roy Burman, who is a Promoter of our Company, and has acquired Equity Shares of our Company, the details of which are provided in the section entitled "*Capital Structure*" on page 60, no consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce such Director to become, or to help such Director to qualify as a Director, or otherwise for services rendered by him/ her or by the firm or company in which he/ she is interested, in connection with the promotion or formation of our Company.

### **Terms of appointment of Executive Directors**

#### **Siddhartha Roy Burman**

Siddhartha Roy Burman was re-appointed as our Chairman and Managing Director, pursuant to the Board resolution dated March 10, 2016 and the shareholders resolution dated September 23, 2016 and an agreement dated April 1, 2016, with effect from April 1, 2016 for a period of three years. The details of remuneration governing his appointment as set out in the Board resolution dated March 10, 2016 are stated below:

<b>Particulars</b>	<b>Remuneration</b>
Salary	1.70 million per month along with the an annual increment of not exceeding 20% on the last drawn basic salary
Perquisites and Benefits	12% of yearly basic salary towards leave travel compensation; and  One Company owned and maintained, chauffeur driven car.
Performance linked incentive	Not exceeding 1% of the net profit of our Company depending on the achievement of the yearly targets (as per recommendation of the Board, subject to approval by the Shareholders).
Other benefits	Routine and domiciliary expense: Not exceeding 10% basic salary for self, spouse and dependent members of his family; and (b) hospitalisation expenses: to be borne by our Company in India and abroad.  Depreciation on such assets or cost of hiring of such assets, as may be applicable not exceeding 10% of the basic salary.  Our Company will maintain one telephone connection at the residence of Siddhartha Roy Burman for official use only.  Retirement benefits as per the Payment of Gratuity Act, 1972 and the Employees Provident Funds and Miscellaneous Provisions Act, 1952, unless Siddhartha Roy Burman opts not to participate in the provided fund scheme.  Leave encashment and minimum remuneration in terms of Companies Act.

### **Payment or benefit to Directors of our Company**

The sitting fees/other remuneration paid to our Directors in June 30, 2017 and fiscal 2017 are as follows.

#### **1. Remuneration to Executive Directors:**

Our Company has paid the following remuneration to our Executive Directors in the three month period ended June 30, 2017 and fiscal 2017:

<b>Sl. No.</b>	<b>Name of Director</b>	<b>Total remuneration (in ₹million) in the three month period ended June 30, 2017</b>	<b>Total remuneration* (in ₹million) in fiscal 2017</b>
1.	Siddhartha Roy Burman	6.00	27.35
2.	Tanusree Roy Burman**	0.17	2.35
	<b>Total</b>	<b>6.17</b>	<b>29.70</b>

\* Includes salary, commission of ₹4.15 million, leave encashment and contribution to provident fund

\*\*Resigned on April 30, 2017

## 2. Remuneration to Non-Executive Directors:

Each Non-Executive Director (except Nominee Directors) is entitled to receive sitting fees of ₹30,000 per meeting pursuant to a resolution of the Board dated May 25, 2017 for attending meetings of the Board, Audit Committee and Nomination and Remuneration Committee within the limits prescribed under the Companies Act, 2013 as amended, and the rules made thereunder. Each Non-Executive Director (except Nominee Directors) is entitled to receive sitting fees of ₹15,000 per meeting pursuant to a resolution of the Board dated June 1, 2017 for attending meetings of the Stakeholders Relationship Committee and IPO Committee. The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time. Each Non-Executive Director is entitled to receive sitting fees of ₹15,000 per meeting pursuant to a resolution of the Board dated June 15, 2017 for attending meetings of the Risk Management Committee. The details of the sitting fees paid to the Non-Executive Directors during June 30, 2017 and fiscal 2017 is as follows:

<b>Sl. No.</b>	<b>Name of Director</b>	<b>Sitting fees paid for the three month period ended June 30, 2017 (in ₹ million)</b>	<b>Sitting fees paid in fiscal 2017 (in ₹ million)</b>
1.	Dr. Indra Nath Chatterjee	0.23	0.20
2.	Ashoke Kumar Dutta	0.23	0.20
3.	Vinayak Vishwanath Kamath	Nil	Nil
4.	Namrata A. Chotrani	Nil	Nil
5.	Srinivasan Sridhar*	0.12	Nil
6.	Dr. Surabhi Banerjee	0.15	Nil
	<b>Total</b>	<b>0.73</b>	<b>0.40</b>

\*Resigned with effect from October 6, 2017

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

Namrata A. Chotrani and Vinayak Vishwanath Kamath were nominated to our Board by our Investor Selling Shareholder, Fairwinds, pursuant to the SHA. For further details, please see the section entitled “History and Certain Corporate Matters” on page 125.

Except as disclosed above, there is no arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of the senior management.

## Shareholding of Directors in our Company

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

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

<b>Name of Director</b>	<b>Number of Equity Shares</b>	<b>Percentage shareholding (%)</b>
Siddhartha Roy Burman	2,173,149	12.56

## **Shareholding of Directors in our Group Companies**

The shareholding of our Directors in our Group Companies as of the date of filing this Red Herring Prospectus is set forth below:

<b>Name of the Director</b>	<b>Name of Group Companies</b>	<b>Number of Equity Shares</b>	<b>Percentage shareholding (%)</b>
Siddhartha Roy Burman	Khadim Development Company Private Limited	6,750	96.43
Siddhartha Roy Burman	Khadim Financial Services Private Limited	15,890	99.31
Siddhartha Roy Burman	Sheila Departmental Stores Private Limited	1,900	95
Siddhartha Roy Burman	Moviewallah Communications Private Limited	36,990	92.48

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

Apart from Rittick Roy Burman, Senior Manager – Operations, and Ritoban Roy Burman, Manager – Marketing, who are sons of Siddhartha Roy Burman, Chairman and Managing Director, none of the relatives of our Directors currently hold any office, or place of profit in our Company.

## **Interest of Directors**

Except as disclosed in this section, all Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof, to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association and respective appointment letters, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives.

### *Interest in the promotion of the Company*

For details of interest of Siddhartha Roy Burman in our Company, please see the section entitled “*Our Promoter and Promoter Group*” on page 149.

### *Interest in property*

None of our Directors have any interest in any property acquired by our Company within two years prior to the date of the Draft Red Herring Prospectus, or proposed to be acquired by our Company or in any transaction involving construction of building or supply of machinery etc.

### *Business interest*

Except as stated in the section entitled “*Related Party Transactions*” on page 159, respectively, and to the extent of shareholding in our Company, as disclosed, our Directors do not have any other business interest in our business.

### *Payment of benefits (non salary related)*

Other than the rent paid and payable to Siddhartha Roy Burman under the terms of the deed of lease dated January 10, 2011 executed between our Company and Siddhartha Roy Burman for our manufacturing facility located at Panpur, West Bengal, no amount or benefit has been paid or given within the two years preceding the date of filing of this Red Herring Prospectus or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors. For further details, please see the section entitled “*Related Party Transactions*” on page 159.

### *Loans to Directors*

No loans have been availed by the Directors from our Company.

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

K M Khadim & Co is one of our sundry debtors where Siddhartha Roy Burman is a partner. Other than as specified hereinabove none of the sundry debtors of our Company are related to the Directors of our Company.

#### *Bonus or profit sharing plan for the Directors*

Other than as disclosed under “*-Remuneration to Executive Directors*” on page 136, none of the Directors are party to any bonus or profit sharing plan of our Company.

#### *Service contracts with Directors*

Further, except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no Directors have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment. For details see “*-Remuneration to Executive Directors*” on page 136.

#### **Changes in the Board in the last three years**

Name	Date of appointment/ change/cessation	Reason for change
Srinivasan Sridhar	October 6, 2017	Resignation
Tanusree Roy Burman	April 30, 2017	Resignation
Amar Nath Sadhu	January 30, 2017	Resignation
Vinayak Vishwanath Kamath	March 25, 2016	Appointment
Namrata A. Chotrani	March 10, 2016	Appointment
Rubin Paresh Chheda	February 16, 2016	Resignation
Rahul Bharat Manek	March 17, 2016	Resignation
Srinivasan Sridhar	May 25, 2017	Appointment
Prof. (Dr.) Surabhi Banerjee	May 25, 2017	Appointment

#### **Borrowing Powers of Board**

Pursuant to our Articles of Association, subject to applicable laws and pursuant to the resolution of the shareholders of our Company passed at the EGM held on December 17, 2015, our Board has been authorised to borrow any sum or sums of monies for and on behalf of our Company, from time to time provided that the sum or sums of monies so borrowed (apart from the temporary loans obtained from our Company’s bankers in the ordinary course of our business) together with monies, if any, already borrowed by our Company will or may exceed the aggregate of the paid up capital of our Company and our free reserves, provided further that the total amount upto which the money may be borrowed and outstanding at any point of time, shall not exceed the amount of ₹ 2,500 million, at any point of time.

#### **Corporate Governance**

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

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

#### **Committees of the Board**

##### *Audit Committee:*

The members of the Audit Committee are:

1. Dr. Indra Nath Chatterjee, *Chairman*;
2. Ashoke Kumar Dutta;
3. Prof. (Dr.) Surabhi Banerjee; and
4. Namrata A. Chotrani.

The Audit Committee was originally constituted by a meeting of the Board of Directors held on March 8, 2006 and re-constituted by a meeting of the Board of Directors held on May 25, 2017 and last re-constituted by a meeting of the Board of Directors held on October 7, 2017 with the effect from October 6, 2017. The terms of reference of the Audit Committee were last revised pursuant to Board resolution June 1, 2017. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations, and its terms of reference include the following:

- a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommending to our Board, the appointment, re-appointment, and replacement, remuneration, and terms of appointment of the statutory auditor and the fixation of audit fee;
- c) Reviewing and monitoring our auditor's independence and performance and the effectiveness of audit process;
- d) Approving payments to our statutory auditors for any other services rendered by statutory auditors;
- e) Reviewing with our management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
  - (i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of Section 134(3)(c) of the Companies Act, 2013;
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management;
  - (iv) Significant adjustments made in the financial statements arising out of audit findings;
  - (v) Compliance with listing and other legal requirements relating to financial statements;
  - (vi) Disclosure of any related party transactions; and
  - (vii) Qualifications and modified opinions in the draft audit report.
- f) Reviewing with our management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
- g) Scrutiny of our inter-corporate loans and investments;
- h) Valuation of undertakings or assets of our Company, wherever it is necessary;
- i) Evaluation of our internal financial controls and risk management systems;
- j) Approval or any subsequent modification of transactions of our Company with related parties;
- k) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- l) Establishing a vigil mechanism for Directors and employees to report their genuine concerns or grievances;
- m) Reviewing, with our management, the performance of statutory and internal auditors and adequacy of the internal control systems;
- n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- o) Discussion with internal auditors on any significant findings and follow up thereon;
- p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- r) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- s) Approval of appointment of the chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;
- u) Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimisation of the employees and directors, who used the vigil mechanism to report genuine concerns in appropriate and exceptional cases;
- v) Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
- w) Carrying out any other functions as provided under the Companies Act, the Listing Regulations and other applicable laws; and
- x) To formulate, review and make recommendations to the Board to amend our Audit and Risk Management Committee charter from time to time.

The powers of the Audit Committee include the following:

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

The Audit Committee shall mandatorily review the following information:

- a) Management discussion and analysis of financial condition and result of operations;
- b) Statement of significant related party transactions (as defined by the Audit and Risk Management Committee), submitted by management of our Company;
- c) Management letters/letters of internal control weaknesses issued by the statutory auditors of our Company;
- d) Internal audit reports relating to internal control weaknesses of our Company;
- e) The appointment, removal and terms of remuneration of the chief internal auditor of our Company; and

- f) Statement of deviations:
- (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and
  - (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations

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

***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Ashoke Kumar Dutta, *Chairman*;
2. Indra Nath Chatterjee;
3. Vinayak Vishwanath Kamath; and
4. Namrata A. Chotrani.

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on April 17, 2006 and was last reconstituted with the effect from January 31, 2017 through a circular resolution dated February 25, 2017. The terms of reference of the Nomination and Remuneration Committee were last revised pursuant to Board resolution dated June 1, 2017. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

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

- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or
- (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- k) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
- l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

#### ***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Ashoke Kumar Dutta, *Chairman*;
2. Siddhartha Roy Burman; and
3. Prof. (Dr.) Surabhi Banerjee.

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on June 1, 2017. The terms of reference of the Stakeholders' Relationship Committee was adopted pursuant to the Board resolution dated June 1, 2017. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are as follows:

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

#### ***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Ashoke Kumar Dutta, *Chairman*;
2. Siddhartha Roy Burman;
3. Vinayak Vishwanath Kamath; and
4. Namrata A. Chotrani.

The Corporate Social Responsibility Committee was originally constituted by our Board of Directors at their meeting held on March 11, 2014 and last reconstituted by the Board of Directors at their meeting held on April 19, 2017, with effect from May 1, 2017. The terms of reference of the Corporate Social Responsibility Committee were revised pursuant to Board resolution dated June 1, 2017. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

- a) Formulating and recommending to the Board the corporate social responsibility policy of the Company, including any amendments thereto in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

- b) Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
- c) Recommending the amount of corporate social responsibility policy expenditure for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;
- d) Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required;
- e) Delegating responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
- f) Reviewing and monitoring the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and
- g) Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company.

Further, we have also constituted an IPO Committee.

#### ***IPO Committee***

The members of the IPO Committee are:

1. Siddhartha Roy Burman, *Chairman*;
2. Ashoke Kumar Dutta; and
3. Namrata A. Chotrani.

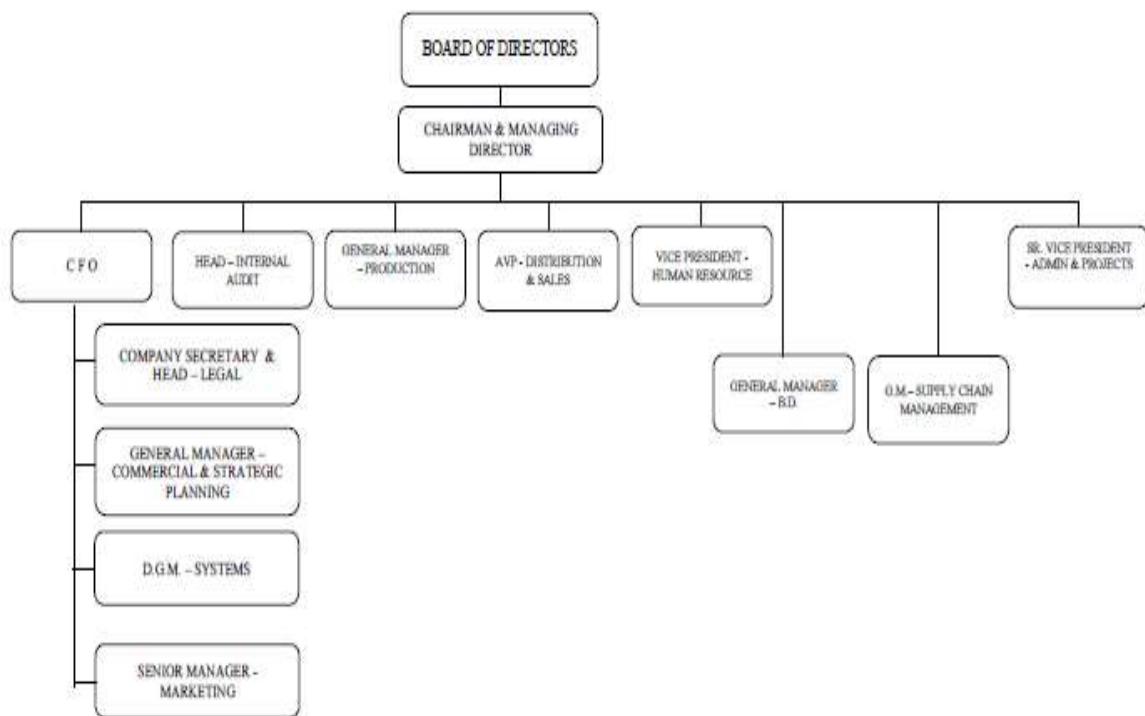
The IPO Committee was constituted by our Board of Directors on June 1, 2017. The IPO Committee has been authorized to approve and decide upon all activities in connection with the Offer, including, but not limited to, approve the Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, to decide the terms and conditions of the Offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing Offer related agreements and to submit applications and documents to relevant statutory and other authorities from time to time.

- a. To make applications where necessary, to the RBI and any other governmental or statutory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;
- b. To finalize, settle, approve, adopt and file in consultation with the BRLMs where applicable, the DRHP, the RHP the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, addenda or corrigenda thereto, and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the ROC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws;
- c. To decide jointly with the Investor Selling Shareholder and in consultation with the BRLMs on the size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;
- d. To appoint and enter into and terminate arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrars, legal advisors, auditors, and any other agencies or persons or intermediaries to the Offer and to negotiate, finalise and amend the terms of their appointment, including but not limited to the execution of the mandate letter with the BRLMs and negotiation, finalization, execution and, if required, amendment of the offer agreement with the BRLMs;

- e. To negotiate, finalise and settle and to execute and deliver or arrange the delivery of the DRHP, the RHP, the Prospectus, offer agreement, syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Offer;
- f. To seek, if required, the consent of the lenders of the Company and 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 relation to the Offer or any actions connected therewith;
- g. To open and operate bank accounts in terms of the escrow agreement and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- h. To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;
- i. To authorize and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;
- j. To issue receipts/allotment letters/confirmation 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 authorize one or more officers of the Company to sign all or any of the aforestated documents;
- k. To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;
- l. To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules;
- m. To take all actions as may be necessary and authorized in connection with the Offer for Sale and to approve and take on record the transfer of Equity Shares in the Offer for Sale;
- n. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign and / or modify, as the case maybe, agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, authorities or bodies as may be required in this connection and to authorize one or more officers of the Company to execute all or any of the aforestated documents;
- o. To make applications for listing of the Equity Shares in one or more stock exchange(s) for listing of the Equity Shares and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing including without limitation, entering into listing agreements and affixing the common seal of the Company where necessary;
- p. To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company; and
- q. To negotiate, finalize, settle, execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in connection with the Offer and any documents or instruments so executed and delivered or acts 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.

In addition to the committees of our Board detailed above, our Board may from time to time, constitute committees for various functions.

### Management Organisation Chart



### Key Management Personnel

The details of the Key Management Personnel are as follows:

For details of Siddhartha Roy Burman, see “*Brief biographies of Directors*” on page 135.

**Ishani Ray**, aged 53 years, is the Chief Financial Officer of our Company. She joined our Company on March 22, 2006. She is responsible for the finance, treasury, accounts and legal functions and additionally, overseeing marketing, IT and internal audit functions of the Company. She holds a master’s degree in commerce from the University of Calcutta. She is a member of the Institute of Chartered Accountants of India. She has an experience of more than 25 years in finance and accounts, taxation, audit and investor relations. Prior to joining our Company, she was associated with Saregama India Limited, with George Williamson (Assam) Limited and with PWC. During fiscal 2017, she received a gross compensation of ₹ 4.92 million from our Company.

**Indrajit Chaudhuri**, aged 43 years, is the General Manager - Commercial and Strategic Planning of our Company. He joined our Company on May 26, 2007. He is responsible for all commercial and strategic planning in our Company and has assisted in providing the corporate structure of the Company as it stands today. He holds a bachelor’s degree in commerce from the University of Calcutta and a master’s degree in commerce from the University of Calcutta. He is a member of the Institute of Chartered Accountants of India. He has an experience of more than 15 years in finance and accounts, taxation and strategic planning. Prior to joining our Company, he was associated with P. G. Shah and Co. During fiscal 2017, he received a gross compensation of ₹ 2.92 million from our Company.

**Abhijit Dan**, aged 45 years, is the Company Secretary and Head Legal of our Company. He joined our Company on May 4, 2015. He is responsible for the management of secretarial and legal affairs in our Company. He holds a bachelor’s degree in science from University of Calcutta and a bachelor’s degree in law from Vidyasagar University. He is a member of the Institute of Company Secretaries of India. He has an experience of more than 17 years in secretarial and legal affairs. Prior to joining our Company, he was associated with Materials Chemicals and Performance Intermediaries Private Limited, Emami Infrastructure

Limited and Burnpur Cement Limited. During fiscal 2017, he received a gross compensation of ₹ 2.02 million from our Company.

**Vinod Kumar Mishra**, aged 48 years, is the Assistant Vice President – Distribution and Sales of our Company. He joined our Company on November 15, 2013. He is responsible for the distribution business of our Company. He holds a bachelor's degree in arts from Bihar University, Muzaffarpur. He has an experience of more than 22 years in sales and marketing. Prior to joining our Company, he was associated with Diamond Footcare Udyog Private Limited, Aztec Shoes Private Limited and Lakhani India Limited. During fiscal 2017, he received a gross compensation of ₹ 3.50 million from our Company.

**Tapas Ghosh**, aged 46 years, is the General Manager – Business Development and Systems of our Company. He joined the Company on April 1, 1997. He is responsible for the COO and EBO sales in our Company. He holds a bachelor's degree in commerce from University of Calcutta. He has an experience of over 21 years in accounts, strategic planning, IT, business development and sales. Prior to joining our Company he was associated with K.M. Khadim & Co. During fiscal 2017, he received a gross compensation of ₹ 2.89 million from our Company.

**Rajeev Kumar Mishra**, aged 43 years, is the General Manager – Manufacturing of our Company. He joined the Company on April 1, 2014. He is responsible for the manufacturing processes in our Company. He holds a bachelor's degree in science from Babasaheb Bhimrao Ambedkar Bihar University, Muzaffarpur. He holds a diploma degree in industrial chemistry from the department of Applied Sciences of the Kenya Polytechnic and a master's degree in Business Administration from Sikkim Manipal University. He has an experience of 22 years in the manufacturing industry in footwear and rubber. He has been associated with our Company for over three years. Prior to joining our Company, he was associated with Diamond Footcare Udyog Private Limited, Relaxo Footwear Limited and Slapper Shoe Industries in Kenya. During fiscal 2017, he received a gross compensation of ₹ 3.12 million from our Company.

**Aranya Ray**, aged 44 years, is the General Manager – Supply Chain Management of our Company. He joined the Company on August 13, 2005. He is responsible for supply chain, logistics, procurement and merchandising in our Company. He holds a bachelor's degree in science from University of Calcutta and a master's degree in business administration from Sikkim Manipal University. He holds a certificate in post-graduate course in applied computer science from CMC Limited (impact project of Jadavpur University). He has an experience of 17 years in supply chain operations and buying and merchandising. He has been associated with our Company for over eleven years. Prior to joining our Company, he was associated with ICI India Limited and ITC Limited. During fiscal 2017, he received a gross compensation of ₹ 2.86 million from our Company.

### **Confirmations**

None of the Key Management Personnel are related to each other.

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

Each of our Key Management Personnel has entered into a service contract with our Company in relation to their respective employment in our Company. Each service contract details *inter alia* the remuneration and other benefits which would be provided by our Company to such Key Management Personnel and their respective duties and obligations with respect to our intellectual property and the confidentiality of *inter alia* our proprietary information. The contracts impose non-solicit and non-compete obligations on the Key Management Personnel during the tenure of employment in our Company and for a period of one year thereafter. Each contract may be terminated for cause by our Company immediately and without cause by providing two months' prior notice or salary in lieu of such notice to the relevant Key Management Personnel, while each Key Management Personnel may terminate their respective contract by providing our Company with two months' prior notice. Other than Vinod Kumar Mishra and Rajeev Kumar Mishra, our Key Management Personnel are entitled to benefits under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 at the rate of 12% of the basic salary and under the Payment of Gratuity Act, 1972.

### **Shareholding of Key Management Personnel**

Other than Siddhartha Roy Burman, none of our Key Management Personnel hold any Equity Shares in our Company.

### **Bonus or profit sharing plans**

Other than any options that may be granted pursuant to the ESOP 2017 and the performance linked incentives given to our Key Management Personnel as part of their remuneration, none of the Key Management Personnel are party to any bonus or profit sharing plan of our Company.

### **Interests of Key Management Personnel**

Other than Siddhartha Roy Burman, none of our Key Management Personnel have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in the Company, if any.

Further, there is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

No loans have been availed by the Key Management Personnel from our Company.

Except as stated in “*Related Party Transactions*” on page 159, none of the Key Management Personnel have been paid any consideration of any nature from our Company nad any other than their remuneration.

### **Changes in the Key Management Personnel**

Other than as disclosed in “*-Change in the Board in the last three years*” on page 139, the changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Joydev Sengupta	Company Secretary and Head Legal	March 31, 2015	Resignation
Abhijit Dan	Company Secretary and Head Legal	May 4, 2015	Appointment

### **Payment or Benefit to officers of our Company**

No non-salary amount or benefit has been paid or given to any of our Company’s employees including the Key Management Personnel and our Directors within the two preceding years or is intended to be paid or given.

### **Employees Stock Options**

The Company has instituted the ESOP 2017. For details, please see the section entitled “*Capital Structure*” on page 60.

## **OUR PROMOTERS AND PROMOTER GROUP**

Our Company has the following Promoters:

1. Siddhartha Roy Burman; and
2. Knightsville Private Limited.

As on the date of this Red Herring Prospectus, our Promoters hold 10,910,978 Equity Shares, representing 63.07% of the subscribed and paid-up Equity Share capital of our Company. Our Promoter will continue to hold [●] % of the post-offer issued, subscribed and paid up equity share capital of our Company.

Details in relation to our Promoters are as follows:

### **1. Siddhartha Roy Burman**



Siddhartha Roy Burman, aged 55 years, is a citizen of India. For further details, please see the section entitled “*Our Management*” on page 133 and this section.

The voter identification number of Siddhartha Roy Burman is DKN4703971 and he does not have a driving license.

Our Company confirms that the permanent account number, bank account numbers and passport number of Siddhartha Roy Burman have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

### **2. Knightsville Private Limited**

#### *Corporate Information*

Knightsville Private Limited was incorporated on June 29, 2005. The CIN of Knightsville Private Limited is U45209WB2005PTC103948. The registered office of Knightsville Private Limited is situated at Kankaria Estate, 5th Floor, 6 Little Russell Street Kolkata 700071.

Knightsville Private Limited is the holding company of our Company and is currently not engaged in any other business.

#### *Board of directors*

The board of directors of Knightsville Private Limited comprise:

1. Siddhartha Roy Burman; and
2. Tanusree Roy Burman.

#### *Shareholding pattern*

The authorised share capital of Knightsville Private Limited is ₹ 50,000,000 divided into 5,000,000 equity shares of ₹10 each.

The shareholding pattern of Knightsville Private Limited is as follows:

<b>S. No.</b>	<b>Name of shareholders</b>	<b>No. of shares</b>	<b>Percentage (%)</b>
	<b>Equity shares of ₹10 each</b>		
1.	Siddhartha Roy Burman	1,844,704	97

S. No.	Name of shareholders	No. of shares	Percentage (%)
2.	Tanusree Roy Burman	57,033	3
	<b>Total</b>	1,901,737	100

*Financial Information*

The audited financial information of Knightsville Private Limited for fiscals 2017, 2016 and 2015 is set forth below:

Particulars	(in ₹ million, except per share data)		
	March 31, 2017	March 31, 2016	March 31, 2015
Total revenue	Nil	Nil	Nil
Profit/(loss) After Tax	(2.48)	(2.54)	(2.54)
Share Capital	19.02	19.02	19.02
Reserves and surplus	37.23	39.70	42.25
Basic earning per share	(1.30)	(1.34)	(1.34)
Diluted earning per share	(1.30)	(1.34)	(1.34)
Net asset value per share	29.58	30.88	32.22

There are no significant notes by the auditors in relation to the above mentioned financial statements for the specified last three financial years.

*Changes in the management and control*

There has been no change in the management and control of Knightsville Private Limited in the three years preceding the date of the Draft Red Herring Prospectus.

*Promoters of Knightsville Private Limited:*

1. Siddhartha Roy Burman, and;
2. Tanusree Roy Burman.

Our Company confirms that the permanent account number, bank account number and company registration number of Knightsville Private Limited and the address of the Registrar of Companies where Knightsville Private Limited is registered have been submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

**Interests of Promoters**

Except as stated below, our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective shareholding in our Company and the dividends payable, if any, and any other distributions in respect of the Equity Shares held by them. For details of the shareholding of our Promoters in our Company, please see the section entitled “*Capital Structure*” on page 60.

Our Promoters are not interested in the properties acquired by our Company within the two years preceding the filing of the Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company.

Except in ordinary course of business and as stated in “*Related Party Transactions*” on page 159, our Company has not entered into any contract, agreements or arrangements during the preceding two fiscal years from the date of this Red Herring Prospectus or proposes to enter into any such contract, arrangements or agreements in which our Promoters or Promoter Group are directly or indirectly interested and no payments or benefits are intended to be made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them, other than future payments for the contract, agreements or arrangements stated in “*Related Party Transactions*” on page 159, unless such contract, agreement or arrangements expire or are terminated.

For further details of related party transactions, as per Accounting Standard 18, please see the section entitled “*Related Party Transactions*” on page 159.

Our Promoters are not interested in any transactions for the acquisition of land, construction of building or supply of machinery etc.

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

K M Khadim & Company is our sundry debtor where Siddhartha Roy Burman is a partner. Other than as disclosed hereinabove, our Promoters are not related to any sundry debtors or beneficiaries of loans and advances of our Company.

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

#### **Companies with which our Promoters have disassociated in the last three years**

Our Promoters have not disassociated themselves from any companies during the preceding three years.

#### **Change in the management and control of our Company**

Other than as disclosed in “*Capital Structure - History of the Equity Share Capital held by our Promoters*” and “*History and Other Corporate Matters*”, on pages 62 and 125, respectively, there has not been any change in the management or control of our Company in five years immediately preceding the date of this Red Herring Prospectus.

#### **Guarantees**

Our Promoters have provided certain guarantees with respect to certain of our borrowings, for details see “*Financial Indebtedness*” and “*Financial Statements*” on pages 220 and 160, respectively.

#### **Confirmations**

Our Promoters and members of the Promoter Group have not been declared as wilful defaulters as defined under SEBI Regulations.

Our Promoters and members of the Promoter Group have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not and have never been promoters, directors or person in control of any other company which is prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except as disclosed in the section entitled “*Outstanding Litigation and Material Developments*” on page 246, there is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of the Offer, involving/against our Promoters.

Except as disclosed in this Red Herring Prospectus, our Promoters are not interested in any entity which holds any intellectual property rights that are used by our Company. For details see “*Our Business*” on page 104.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time.

#### **Promoter Group**

Persons constituting the Promoter Group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations are set out below:

##### ***Natural persons forming part of Promoter Group:***

1. Tanusree Roy Burman;

2. Namita Roy Burman;
3. Rittick Roy Burman;
4. Ritoban Roy Burman;
5. Rilina Mitra;
6. Debabrata Dutta;
7. Timir Baran Dutta;
8. Jayasree Burman; and
9. Manjusree Pandey.

For details of settlement order for separation of Partha Roy Burman and Basabdupta Roy Burman from Siddhartha Roy Burman, see “*History and Certain Corporate Matters*” on page 125.

***Entities forming part of Promoter Group:***

1. Sheila Departmental Stores Private Limited;
2. Khadim Financial Services Private Limited;
3. Moviewallah Communications Private Limited;
4. Khadim Development Company Private Limited;
5. Tetenal Photocheme Private Limited;
6. Photo Imaging Private Limited;
7. K M Khadim & Company;
8. Bee Tee Enterprises;
9. St. Mary’s Clinic & Drug Stores;
10. Khadim Enterprises;
11. Khadim Exports; and
12. SP Roy Burman Foundation.

## OUR GROUP COMPANIES

In accordance with the SEBI Regulations, for the purpose of identification of group companies, the Company has considered companies covered under the applicable accounting standard, i.e., Accounting Standard 18 issued by the Institute of Chartered Accountants of India (“AS 18”) as per the Restated Financial Statements, and other companies as per the materiality policy adopted by the Board through its resolution dated June 15, 2017. In terms of the materiality policy adopted by the Board, a company is considered to be a material Group Company if: (i) the Company has entered into one or more transactions with any company forming part of Promoter Group during the last completed financial year, which individually or cumulatively in value exceeds 10% of the total revenue of the Company for that financial year as per the restated financial statements of the Company; or (ii) such company, subsequent to Restated Financial Statements, which would require disclosure in the financial statements of the Company for subsequent periods as entities covered under AS 18, in addition to/ other than those companies covered under the schedule of related party relationships in terms of AS 18 in the audited financial statements of the Company for the Relevant Period. Accordingly, the Board has determined that there are no such other material group companies.

Based on the above, the following are our Group Companies:

1. Khadim Development Company Private Limited;
2. Khadim Financial Services Private Limited;
3. Sheila Departmental Stores Private Limited; and
4. Moviewallah Communications Private Limited.

### **The Details of our Group Companies**

The details of our Group Companies, are provided below:

#### **1. Khadim Development Company Private Limited (“KDCPL”)**

##### *Corporate Information*

KDCPL was incorporated on July 17, 1992 under the Companies Act, 1956 as a private limited company. It has its registered office at Kankaria Estate, 5<sup>th</sup> Floor, 6 Little Russell Street Kolkata 700 071. It is engaged in the business of construction and development of residential and commercial properties.

##### *Interest of Promoters*

Our Promoter, Siddhartha Roy Burman, is a director of KDCPL and directly holds 96.43% of the issued, subscribed and paid up capital of KDCPL and may also be interested to the extent of remuneration or any other benefits as director of KDCPL.

##### *Financial Performance*

The financial information derived from the audited financial results of KDCPL for the Financial Years 2017, 2016 and 2015 are set forth below:

*(Figures in ₹ million except per share data)*

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	0.70	0.70	0.70
Reserves and surplus (excluding revaluation) reserve	34.58	38.37	41.83
Sales/turnover (income)	Nil	Nil	0.12
Profit/(Loss) after tax	(3.79)	(3.46)	(3.48)
Earnings per share (basic and diluted)	(541.18)	(494.56)	(496.60)
Net asset value per share	5,040.27	5,581.45	6,076.02

There are no significant notes by the auditors in relation to the above mentioned financial statements for the specified last three financial years.

## **2. Khadim Financial Services Private Limited (“KFSPL”)**

### *Corporate Information*

KFSPL was incorporated on August 19, 1993 under the Companies Act, 1956 as a private limited company. It has its registered office at Kankaria Estate, 5<sup>th</sup> Floor, 6 Little Russell Street, Kolkata 700 071. It is presently not engaged in any business activity.

### *Interest of Promoters*

Our Promoter Siddhartha Roy Burman is a director of KFSPL and directly holds 99.31% of the issued, subscribed and paid up capital of KFSPL and may also be interested to the extent of remuneration or any other benefits as director of KFSPL.

### *Financial Performance*

The financial information derived from the audited financial results of KFSPL for the Financial Years ended 2017, 2016 and 2015, are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	0.16	0.16	0.16
Reserves and surplus (excluding revaluation) reserve	1.52	1.53	1.55
Sales/turnover (income)	Nil	Nil	Nil
Profit/(loss) after tax	(0.01)	(0.01)	(0.02)
Earnings per share (basic and diluted)	(0.83)	(0.91)	(0.94)
Net asset value per share	104.94	105.76	106.68

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

## **3. Sheila Departmental Stores Private Limited (“SDSPL”)**

### *Corporate Information*

SDSPL was incorporated on April 1, 1960 under the Companies Act, 1956 as a private limited company. It has its registered office at Kankaria Estate, 5<sup>th</sup> Floor, 6 Little Russell Street, Kolkata 700 071. Currently, SDSPL operates as a consignment agent.

### *Interest of Promoters*

Our Promoter Siddhartha Roy Burman is a director of SDSPL and directly hold 95% of the issued, subscribed and paid up capital of SDSPL and may also be interested to the extent of remuneration or any other benefit.

### *Financial Performance*

The financial information derived from the audited financial results of SDSPL for the Financial Years ended 2017, 2016 and 2015 are set forth below:

(Figures in ₹ million except per share data)

Particulars	Financial Year ended		
	2017	2016	2015
Equity capital	0.20	0.20	0.20
Reserves and surplus (excluding revaluation) reserve	8.80	8.43	8.07

Particulars	Financial Year ended		
	2017	2016	2015
Sales/turnover (income)	0.67	0.67	0.64
Profit/(loss) after tax	0.36	0.37	0.34
Earnings per share (basic and diluted)	181.55	183.00	167.71
Net asset value per share	4,498.56	4,317.01	4,134.01

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

#### **4. Moviewallah Communications Private Limited (“MCPL”)**

##### *Corporate Information*

MCPL was incorporated on July 18, 2001 under the Companies Act, 1956 as a private limited company. It has its registered office at Kankaria Estate, 5<sup>th</sup> Floor, 6, Little Russell Street, Kolkata – 700 071. It is engaged in the business of production of television programs, serials and advertisement releases through its advertising agencies.

##### *Interest of Promoters*

Our Promoter Siddhartha Roy Burman is a director of MCPL and directly holds 92.48% of the issued, subscribed and paid up capital of MCPL and may also be interested to the extent of remuneration or any other benefit.

##### *Financial Performance*

The financial information derived from the audited financial results of MCPL for the Financial Years ended 2017, 2016 and 2015 are set forth below:

Particulars	(Figures in ₹ million except per share data)		
	2017	2016	2015
Equity capital	0.40	0.40	0.40
Reserves and surplus (excluding revaluation) reserve	15.58	15.60	16.45
Sales/turnover (income)	Nil	Nil	3.75
Profit/(loss) after tax	(0.02)	(0.84)	2.90
Earnings per share (basic and diluted)	(0.61)	(21.08)	72.41
Net asset value per share	399.48	400.08	421.16

There are no significant notes by the auditors in relation to the above mentioned financial statements for specified last three financial years.

##### **Group Companies having negative net-worth**

None of our Group Companies have negative net-worth.

##### **Loss making Group Companies**

Our Group Companies, KDCPL, KFSPL and MCPL, have incurred losses in the preceding financial year, as specified above.

##### **Group Companies under winding up**

None of our Group Companies are under winding up.

##### **Group Companies which are sick industrial companies**

None of our Group Companies fall under the definition of sick companies under the erstwhile SICA. Further, there are no pending proceedings under the Insolvency and Bankruptcy Code, 2016 in respect of any Group Company.

#### **Defunct Group Companies**

None of the group companies have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Draft Red Herring Prospectus with SEBI.

#### **Interest of Group Companies in our Company**

##### **(a) In the promotion of our Company**

None of our Group Companies have any interest in the promotion of our Company.

##### **(b) In the properties acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company**

None of our Group Companies are interested in the properties acquired by our Company within the two years preceding the filing of the Draft Red Herring Prospectus or proposed to be acquired by our Company.

##### **(c) In transactions for acquisitions of land, construction of building and supply of machinery etc.**

None of our Group Companies is interested in any transactions for acquisition of land, construction of building or supply of machinery etc.

##### **(d) Business interests or other interests**

Except in the ordinary course of business as disclosed in “*Related Party Transactions*” on page 159, none of our Group Companies have any business interest or other interests in our Company;

For further details in relation to the shareholding of our Group Companies in our Company, refer to “*Capital Structure*” on page 60.

#### **Common pursuits among the Group Companies and our Company**

There are no common pursuits or conflict of interest situations amongst any of our Group Companies and our Company. Accordingly, there are no related business transactions of our Company with the Group Companies.

#### **Sale/purchase between Group Companies and our Company**

None of our Group Companies is involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

#### **Litigation**

There are no legal proceedings involving our Group Companies.

#### **Other Confirmations**

None of the Group Companies are listed on any stock exchange or have made any public or rights issue of securities in preceding three years from the date of the Draft Red Herring Prospectus.

None of the Group Companies have been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.

None of the Group Companies have been identified as wilful defaulters as defined under the SEBI Regulations.

None of the Group Companies has availed of unsecured loans from our Company which may be recalled at any time.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by our Board 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 to the earnings, capital requirements, contractual obligations, applicable legal restrictions and overall financial position of our Company. Our Company has no formal dividend policy.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see the section entitled "*Financial Indebtedness*" on page 220.

The dividends declared by our Company in the last five financial years have been provided below.

<b>Particulars</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Number of Equity Shares as at March 31	17,298,531	17,298,531	17,298,531	12,135,238	12,135,238
Dividend paid (in ₹ million) (fiscal)	Nil	Nil	Nil	Nil	12.14
Rate of dividend (fiscal)	NA	NA	NA	NA	10%
Dividend distribution tax (in ₹ million) (fiscal)	Nil	Nil	Nil	Nil	2.06

#### **RELATED PARTY TRANSACTIONS**

For details of the related party transactions, as per the requirements under Accounting Standard 18 ‘*Related Party Disclosures*’ issued by the Institute of Chartered Accountants in India and as reported in the Restated Financial Statements, see the section entitled “*Financial Statements*” on page 160.

## **SECTION V: FINANCIAL INFORMATION**

### **FINANCIAL STATEMENTS**

#### **INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL INFORMATION**

To  
The Board of Directors  
Khadim India Limited

Dear Sirs,

1. We have examined, as appropriate (refer paragraphs 3 and 4 below), the attached Restated Financial Information of Khadim India Limited ('the Company'), which comprises of the Restated Summary Statement of Assets and Liabilities as at June 30, 2017, and as at March 31, 2017, 2016, 2015, 2014 and 2013, the Restated Summary Statement of Profit and Loss and the Restated Summary Statement of Cash Flows for the three months ended June 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 and the Summary of Significant Accounting Policies (collectively, the "Restated Financial Information") as approved by the Board of Directors of the Company at their meeting held on August 24, 2017 for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer (IPO) of equity shares prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 to 6 of 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, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("SEBI-ICDR Regulations"); and
  - c) the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "Guidance Note").

2. The preparation of the Restated Financial Information is the responsibility of the Management of the Company for the purpose set out in paragraph 10 below. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, the Rules, SEBI-ICDR Regulations and the Guidance Note.

Our responsibility is to examine the Restated Financial Information and confirm whether such Restated Financial Information comply with the requirements of the Act, the Rules, SEBI-ICDR Regulations and the Guidance Note.

3. We have examined these Restated Financial Information taking into consideration
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated May 1, 2017 in connection with the proposed IPO of the Company;
  - b) The Guidance Note; and
  - c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
4. These Restated Financial Information have been compiled by the Management from the audited financial statements of the Company for the three months ended June 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 which have been approved by the Board of Directors of the Company at their

meetings held on August 24, 2017, June 15, 2017, July 22, 2016, July 31, 2015, July 31, 2014 and July 29, 2013 respectively. The audit reports on the financial statements for the years ended March 31, 2013 and March 31, 2014 were unmodified and include the following matter of emphasis paragraphs:

a) For the year ended March 31, 2013:

On implementation of the order passed by the Company Law Board on 24 July, 2009 as referred to in Note no 34.1 to the financial statements, loans and advances include Rs. 20,487,586 being the value of land and Rs. 5,980,873 being the value of related work in progress which has been transferred to the minority shareholders and is unrealizable.

Furthermore, loans and advances include Rs. 113,333,000 which have been paid pursuant to the above settlement order as explained in the Note No 34.3 to the financial statements which is unrealizable. This includes Rs. 83,333,000 pertaining to the previous years and Rs. 30,000,000 for the year, which have not been provided. Had these provisions been made in the accounts the net worth of the Company for earlier years would have been reduced by Rs. 109,801,459 and the profit of the Company for the year would have been reduced by Rs. 30,000,000 with corresponding reduction in the total assets of the Company.

The audit opinion was not qualified in respect of this matter.

b) For the year ended March 31, 2014:

We draw attention to the Note 35 to the financial statements which describes the accounting treatment followed by the Company for writing off the “Diminution in the value of Inventory” and “Payment to minority shareholder Account” against the issued, subscribed and paid up Share capital and Securities premium of the Company pursuant to a Scheme of Arrangement for Reduction of Share Capital approved by the members of the Company and confirmed by Honorable Calcutta High Court.

The audit opinion was not qualified in respect of this matter.

Audit for the financial year ended March 31, 2013 was conducted by previous auditors, M/s. RAY & RAY and accordingly reliance has been placed on the financial information examined by them for the said year. The financial information included for the year ended March 31, 2013 is based solely on the report submitted by them. M/s. RAY & RAY have also confirmed that the restated financial information relating to above mentioned year:

- (i) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial year to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
- (ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
- (iii) do not contain any extra-ordinary items that need to be disclosed separately.

5. Based on our examination, we report that:

- a) The Restated Summary Statement of Assets and Liabilities of the Company, including March 31, 2013 examined and reported upon by M/s. RAY & RAY, on which reliance has been placed by us, and as at June 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 examined by us, as set out in Annexure-I to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure IVA: Notes on material adjustments and regrouping to Restated Summary Statement to Audited Financial Statements.
- b) The Restated Summary Statement of Profit and Loss of the Company, including for the year ended March 31, 2013 examined and reported upon by M/s. RAY & RAY, on which reliance has been placed by us, and for the three months ended June 30, 2017 and for the years ended March 31, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-II to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in

Annexure IVA: Notes on material adjustments and regrouping to Restated Summary Statement to Audited Financial Statements.

- c) The Restated Summary Statement of Cash Flows of the Company, including for the year ended March 31, 2013 examined and reported upon by M/s. RAY & RAY, on which reliance has been placed by us, and for the three months ended June 30, 2017 and for the years ended March 31, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-III to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure IVA: Notes on material adjustments and regrouping to Restated Summary Statement to Audited Financial Statements.
- d) Based on the above, and according to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditors, M/s. RAY & RAY, we are of opinion that the Restated Financial Information:
  - (i) have been made after incorporating adjustments for changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;
  - (ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate; and
  - (iii) do not contain any extra-ordinary items that need to be disclosed separately.

6. We have also examined the following Restated Other Financial Information of the Company set out in the following Annexures, proposed to be included in the offer document, prepared by the Management and approved by the Board of Directors on August 24, 2017 for the three months ended June 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013. In respect of the year ended March 31, 2013 these information have been included based upon the reports submitted by previous auditors, M/s. RAY & RAY and relied upon by us:

- (i) Annexure IVA – Restated Summary Statements Material Adjustment and Regroupings
- (ii) Annexure IVB – Non Adjusting Items
- (iii) Annexure VI – Restated Statement of Share Capital
- (iv) Annexure VII - Restated Statement of Reserves And Surplus
- (v) Annexure VIII - Restated Statement of Long Term Borrowings
- (vi) Annexure IX - Restated Statement of Net Deferred Tax Assets/Liabilities
- (vii) Annexure X - Restated Statement of Other Long Term Liabilities
- (viii) Annexure XI - Restated Statement of Long term provisions
- (ix) Annexure XII - Restated Statement of Short-term borrowings
- (x) Annexure XIII - Restated Statement of Trade Payables
- (xi) Annexure XIV - Restated Statement of Other Current Liabilities
- (xii) Annexure XV - Restated Statement of Short Term Provisions
- (xiii) Annexure XVI - Restated Statement of Fixed Assets - Tangible and Intangible Assets

- (xiv) Annexure XVII - Restated Statement of Non-Current Investments
- (xv) Annexure XVIII - Restated Statement of Long-term Loans and Advances
- (xvi) Annexure XIX - Restated Statement of Other Non-Current Assets
- (xvii) Annexure XX - Restated Statement of Current Investments
- (xviii) Annexure XXI- Restated Statement of Inventories
- (xix) Annexure XXII - Restated Statement of Trade Receivables
- (xx) Annexure XXIII - Restated Statement of Cash and Bank balances
- (xxi) Annexure XXIV - Restated Statement of Short-term Loans and Advances
- (xxii) Annexure XXV - Restated Statement of Other Current Assets
- (xxiii) Annexure XXVI - Restated Statement of Revenue from operations
- (xxiv) Annexure XXVII - Restated Statement of Other Income
- (xxv) Annexure XXVIII – Restated Statement of Cost of Material Consumed
- (xxvi) Annexure XXIX – Restated Statement of Purchase of Stock-In-Trade
- (xxvii) Annexure XXX – Restated Statement of Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade
- (xxviii) Annexure XXXI - Restated Statement of Employee Benefits Expense
- (xxix) Annexure XXXII – Restated Statement of Finance Cost
- (xxx) Annexure XXXIII - Restated Statement of Other Expenses
- (xxxi) Annexure XXXIV - Restated Statement of Accounting Ratios
- (xxxii) Annexure XXXV - Restated Statement of Capitalisation
- (xxxiii) Annexure XXXVI - Restated Tax Shelter Statement
- (xxxiv) Annexure XXXVII - Restated Statement of Dividend Declared and Paid
- (xxxv) Annexure XXXVIII - Notes to Restated Summary Statement of Assets and Liabilities, Profits and Losses and Cash Flow

According to the information and explanations given to us and also as per the reliance placed on the reports submitted by the previous auditors, M/s. RAY & RAY, in our opinion the Restated Financial Information and the above restated financial information contained in Annexures I to XXXVIII accompanying this report read along with the Significant Accounting Policies and Notes as set out in Annexure V are prepared after making adjustments and regroupings as considered appropriate [Refer Annexure IVA] and have been prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013 read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014, SEBI-ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. 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.
9. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
10. Our report is intended solely for use of the Management for inclusion in the offer document to be filed with Securities and Exchange Board of India, National Stock Exchange Limited and BSE Limited and Registrar of Companies, Kolkata in connection with the proposed IPO of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 302009E)

A.Bhattacharya  
Partner  
Membership No.054110

Place: Kolkata  
Date: August 24, 2017

## ANNEXURE - I

## RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(All amounts in Millions Rupees except for share data or as otherwise stated)

	Particulars	Annexure	As at					
			30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>	VI VII						
	<b>Shareholders' funds</b>							
	Share capital		172.99	172.99	172.99	172.99	121.35	121.35
<b>II</b>	Reserves and surplus	VIII IX X XI	1,749.63	1,678.58	1,371.02	1,118.58	616.81	915.14
			<b>1,922.62</b>	<b>1,851.57</b>	<b>1,544.01</b>	<b>1,291.57</b>	<b>738.16</b>	<b>1,036.49</b>
	<b>Non-current liabilities</b>							
<b>III</b>	Long-term borrowings	XII	-	2.00	70.58	168.64	290.69	507.82
	Deferred Tax Liabilities (Net)		56.47	57.74	64.12	70.16	92.40	82.54
	Other long-term liabilities		94.59	92.47	87.95	77.45	64.31	62.87
	Long-term provisions		4.92	6.06	5.08	8.29	17.48	12.77
			<b>155.98</b>	<b>158.27</b>	<b>227.73</b>	<b>324.54</b>	<b>464.88</b>	<b>666.00</b>
<b>IV</b>	<b>Current liabilities</b>	XIII XIV XV						
	Short-term borrowings		1,367.31	1,039.65	976.42	1,050.49	779.76	1,193.92
	Trade payables		19.80	21.64	21.26	13.38	18.48	11.39
	(i) Total outstanding dues to micro enterprises and small enterprises							
	(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,174.84	876.59	547.19	560.94	947.18	762.52
	Other current liabilities		211.17	136.90	177.09	195.83	1,040.87	260.28
	Short-term provisions		21.87	13.38	29.28	19.29	21.19	24.72
			<b>2,794.99</b>	<b>2,088.16</b>	<b>1,751.24</b>	<b>1,839.94</b>	<b>2,807.48</b>	<b>2,252.83</b>
	<b>TOTAL (I+II+III)</b>		<b>4,873.59</b>	<b>4,098.00</b>	<b>3,522.98</b>	<b>3,456.04</b>	<b>4,010.52</b>	<b>3,955.32</b>
	<b>ASSETS</b>							
<b>IV</b>	<b>Non-Current Assets</b>	XVI XVII XVIII XIX						
	Fixed Assets							
	Tangible assets		1,355.97	1,316.47	1,420.39	1,477.45	1,580.52	1,494.61
	Intangible assets		14.07	13.87	14.58	11.32	13.00	16.46
	Capital Work - In - Progress		28.75	31.46	8.62	5.16	21.74	79.90
	Intangible assets under development		-	-	-	15.99	3.66	3.02
	Non-current investments		-	-	0.48	0.48	0.48	0.48
	Long-term loans and advances		290.30	284.96	291.06	259.26	210.29	401.36
	Other non-current assets		11.49	11.49	11.49	9.03	-	5.24
			<b>1,700.58</b>	<b>1,658.25</b>	<b>1,746.62</b>	<b>1,778.69</b>	<b>1,829.69</b>	<b>2,001.07</b>
<b>V</b>	<b>Current assets</b>	XX XXI XXII XXIII XXIV XXV						
	Current investments		27.80	-	10.50	-	-	-
	Inventories		1,320.78	1,144.60	1,008.95	1,137.78	1,140.48	1,430.33
	Trade receivables		923.61	771.68	348.55	240.90	570.85	219.62
	Cash and bank balances		516.74	166.37	194.21	124.41	314.55	99.82
	Short-term loans and advances		239.36	214.59	150.43	113.40	91.34	146.88
	Other current assets		144.72	142.51	63.72	60.86	63.61	57.60
			<b>3,173.01</b>	<b>2,439.75</b>	<b>1,776.36</b>	<b>1,677.35</b>	<b>2,180.83</b>	<b>1,954.25</b>
	<b>TOTAL (IV+V)</b>		<b>4,873.59</b>	<b>4,098.00</b>	<b>3,522.98</b>	<b>3,456.04</b>	<b>4,010.52</b>	<b>3,955.32</b>

**Note:**

The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

As per our report of even date

**For Deloitte Haskins & Sells**  
Firm registration no.: 302009E  
Chartered Accountants

A.Bhattacharya  
**Partner**  
Membership No.: 054110

Place: Kolkata  
Date:

**For and on behalf of Board of Directors**

Siddhartha Roy Burman  
**Chairman and Managing Director**  
Dr.Indra Nath Chatterjee  
**Independent Director**

Ishani Ray  
**Chief Financial Officer**  
Abhijit Dan  
**Company Secretary & Head - Legal**

## ANNEXURE - II

## RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(All amounts in Millions Rupees except for share data or as otherwise stated)

	Particulars	Annexure	For the quarter/year ended					
			30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I</b>	<b>INCOME</b>	XXVI	1,785.43	6,217.30	5,351.13	4,618.40	4,807.75	4,253.60
	Revenue from operations (Gross)		1.10	4.81	5.92	16.82	26.35	23.27
	Less: Excise duty	XXVII	<b>1,784.33</b>	<b>6,212.49</b>	<b>5,345.21</b>	<b>4,601.58</b>	<b>4,781.40</b>	<b>4,230.33</b>
	<b>Revenue from Operations (Net)</b>		13.30	42.98	43.09	55.46	49.12	26.86
	<b>Other income</b>		<b>1,797.63</b>	<b>6,255.47</b>	<b>5,388.30</b>	<b>4,657.04</b>	<b>4,830.52</b>	<b>4,257.19</b>
<b>II</b>	<b>EXPENSES</b>	XXVIII	329.87	1,050.96	761.79	612.01	503.55	542.97
	Cost of Materials Consumed		860.32	2,782.98	2,467.12	2,548.54	2,563.52	2,502.48
	Purchase of Stock-In-Trade		(119.11)	(119.76)	130.69	(36.86)	73.64	(248.06)
	Changes in Inventories of Finished Goods, Work- In-Progress and Stock-In-Trade	XXXI	155.43	551.88	452.83	460.71	421.51	363.55
	Employee benefit expenses		32.60	134.63	145.50	192.15	256.08	243.04
	Finance costs		38.92	159.01	162.88	191.79	105.67	82.77
	Depreciation and amortisation expenses		391.24	1,288.71	1,009.28	879.75	723.60	635.26
	Other expenses		<b>1,689.27</b>	<b>5,848.41</b>	<b>5,130.09</b>	<b>4,848.09</b>	<b>4,647.57</b>	<b>4,122.01</b>
	<b>Total expenses</b>		<b>108.36</b>	<b>407.06</b>	<b>258.21</b>	<b>(191.05)</b>	<b>182.95</b>	<b>135.18</b>
	<b>Restated profit/(loss) before tax (I-II)</b>							
<b>IV</b>	<b>Tax expenses</b>	XXXIII	38.58	150.63	50.00	-	51.19	31.75
	(1) Current tax		-	-	(41.98)	-	(0.63)	-
	(2) (Less) MAT credit entitlement for earlier year		-	(44.75)	3.79	0.63	1.07	1.47
	(3) (Excess)/Short provision for tax (net) relating to prior years [includes MAT Credit receivable of earlier years : 31 March 2017 - Rs 46.82 millions (Previous years - Nil)]		-	-	-	-	-	(0.10)
	(4) (Excess) provision for Fringe Benefit Tax relating to prior years		<b>38.58</b>	<b>105.88</b>	<b>11.81</b>	<b>0.63</b>	<b>51.63</b>	<b>33.12</b>
	<b>(5) Net current tax (1+2+3+4)</b>		<b>(1.27)</b>	<b>(6.38)</b>	<b>(6.04)</b>	<b>(5.11)</b>	<b>9.85</b>	<b>12.91</b>
	(6) Deferred tax		<b>37.31</b>	<b>99.50</b>	<b>5.77</b>	<b>(4.48)</b>	<b>61.48</b>	<b>46.03</b>
	<b>Net tax expenses (5+6)</b>		<b>71.05</b>	<b>307.56</b>	<b>252.44</b>	<b>(186.57)</b>	<b>121.47</b>	<b>89.15</b>
	<b>Restated profit/(loss) after tax (III-IV)</b>							

**Note:**

The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

As per our report of even date

**For Deloitte Haskins & Sells**

Firm registration no.: 302009E

Chartered Accountants

**For and on behalf of Board of Directors**Siddhartha Roy Burman  
**Chairman and Managing Director**Dr.Indra Nath Chatterjee  
**Independent Director**

A.Bhattacharya

**Partner**

Membership No.: 054110

Ishani Ray  
**Chief Financial Officer**Abhijit Dan  
**Company Secretary & Head - Legal**

Place: Kolkata

Date:

## ANNEXURE - III

## RESTATED SUMMARY STATEMENT OF CASH FLOWS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Cash flow from operating activities</b>						
Profit/(loss) before tax (as restated)	108.36	407.06	258.21	(191.05)	182.95	135.18
Adjustments for:						
Depreciation and amortisation expense	38.92	159.01	162.88	191.79	105.67	82.77
(Profit) / loss on sale of fixed assets (Net)	(0.88)	9.08	5.69	(18.24)	4.56	8.65
Interest Received	(2.50)	(11.57)	(10.37)	(7.04)	(17.30)	(8.46)
Dividend Income from Investments	-	-	(0.02)	-	(1.01)	-
Gain on Sale of Investments	-	(1.80)	-	(6.98)	(8.45)	(6.00)
Liabilities/Provisions no longer required written back	(0.71)	(3.48)	(2.63)	(6.98)	(1.64)	(2.73)
Provision/(Reversal) for diminution in value of Long Term Investments	-	-	-	-	(0.14)	0.14
Government grant received	(0.33)	(1.11)	(5.07)	(2.86)	-	(3.40)
Provision for doubtful debts, advances and other assets	0.01	3.27	3.58	2.24	3.27	2.12
Debts/Advances written off	1.31	4.20	1.14	-	0.18	0.49
Foreign Currency translations and transactions (Net)	(0.06)	(0.82)	(0.92)	(0.01)	0.32	0.06
Finance cost	32.60	134.63	145.50	192.15	256.08	243.04
<b>Operating profit before working capital changes (as restated)</b>	<b>176.72</b>	<b>698.47</b>	<b>557.99</b>	<b>153.02</b>	<b>524.49</b>	<b>451.86</b>
Adjustments for:						
Trade Receivables, Loans and Advances and Other Assets	(196.35)	(515.35)	(143.49)	293.96	(308.01)	(101.31)
Inventories	(176.17)	(135.65)	128.83	2.69	69.86	(281.37)
Trade Payables, Other Liabilities and Provisions	401.54	350.71	(11.89)	(374.39)	196.49	291.89
<b>Cash generated from operations</b>	<b>205.74</b>	<b>398.18</b>	<b>531.44</b>	<b>75.28</b>	<b>482.83</b>	<b>361.07</b>
Payment of Direct Taxes	(15.25)	(89.12)	(32.84)	(30.56)	(41.82)	(29.14)
Cash paid to Minority Shareholders [Refer Note 13 of Annexure XXXVIII]	-	-	-	-	(60.00)	(30.00)
<b>Net cash flow from Operating Activities</b>	<b>190.49</b>	<b>309.06</b>	<b>498.60</b>	<b>44.72</b>	<b>381.01</b>	<b>301.93</b>
<b>II. Cash flow from investing activities</b>						
Purchase of fixed assets	(89.93)	(182.10)	(92.03)	(146.47)	(86.20)	(312.32)
Proceeds from sale of fixed assets	5.64	4.56	4.86	28.87	1.88	0.41
(Increase)/Decrease in Margin Account	-	-	0.19	(0.10)	0.68	1.38
Investments in bank deposits under lien	(7.65)	(76.76)	(38.29)	(59.96)	(1,156.61)	(64.70)
Maturity of bank deposits under lien	3.23	39.36	18.41	273.00	934.79	63.85
Purchase of Investments	(27.80)	-	(10.50)	(350.99)	(260.00)	-
Sale of Investments	-	12.78	-	357.97	268.45	36.00
Dividend Income from Investments	-	-	0.02	-	1.01	-
Government grant received	-	-	-	-	-	2.62
Interest Received	0.31	14.36	5.28	6.42	16.39	8.55
<b>Net cash flow from/(used in) investing activities</b>	<b>(116.20)</b>	<b>(187.80)</b>	<b>(112.06)</b>	<b>108.74</b>	<b>(279.61)</b>	<b>(264.21)</b>
<b>III. Cash flow from financing activities</b>						
Proceeds from issue of Unsecured Zero Coupon Compulsorily Convertible Debentures	-	-	-	-	774.64	-
Net increase/(decrease) in working capital, demand loans and buyer's credit	327.57	64.08	(73.81)	270.74	(211.56)	175.72
Interest Paid	(32.48)	(134.76)	(149.68)	(191.92)	(260.76)	(243.15)
Repayment of Term Loans	(23.38)	(115.81)	(112.43)	(208.06)	(169.75)	(34.69)
Repayment of Vehicle Loan	-	-	(0.50)	(1.42)	(1.57)	2.56
Repayment of Unsecured loans	-	-	-	-	(224.60)	61.90
Dividends paid	-	-	-	-	(12.14)	(12.14)
Dividend tax paid	-	-	-	-	(2.06)	(1.97)
<b>Net cash used in financing activities</b>	<b>271.71</b>	<b>(186.49)</b>	<b>(336.42)</b>	<b>(130.66)</b>	<b>(107.80)</b>	<b>(51.77)</b>
<b>IV. Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>						
Exchange differences on translation of foreign currency cash and cash equivalents *	346.00	(65.23)	50.12	22.80	(6.40)	(14.05)
V. Cash and Cash Equivalents at beginning of quarter/year	(0.04)	(0.03)	(0.00)	-	-	-
<b>VI. Cash and cash equivalents at the end of quarter/year (IV+V)</b>	<b>18.55</b>	<b>83.81</b>	<b>33.69</b>	<b>10.89</b>	<b>17.29</b>	<b>31.34</b>

Cash and Cash Equivalents represent cash and bank balances:

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Cash and Cash Equivalents as above	364.51	18.55	83.81	33.69	10.89	17.29
Other Bank Balances	152.23	147.82	110.40	90.72	303.66	82.53
<b>Cash and Bank Balances (Annexure XXXIII)</b>	<b>516.74</b>	<b>166.37</b>	<b>194.21</b>	<b>124.41</b>	<b>314.55</b>	<b>99.82</b>

## Notes:

a) Pursuant to a scheme of Arrangement for Reduction of Capital approved by the Hon'able Calcutta High Court on 14th March, 2014 the Company had reduced its issued, subscribed and paid up equity share capital from Rs 485.41 millions divided into 48,540,952 number of Equity Shares of Rs. 10 each fully paid up to Rs. 121.35 millions divided into 48,540,952 equity shares of Rs. 2.50 each. This is a non cash transaction [Refer Note 13 of Annexure XXXVIII].

b) During the year ended 31st March 2015, Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, of face value Rs.10 had been converted into 5,163,293 Equity Shares of face value Rs.10 each at a conversion premium of Rs.140.03 per share. This is a non-cash transaction [Refer Note b (iii) of Annexure VI].

c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

\* Exchange differences on translation of foreign currency cash and cash equivalents amount is below the rounding off norm adopted by the Company.

As per our report of even date

For Deloitte Haskins &amp; Sells

Firm registration no.: 302009E

Chartered Accountants

For and on behalf of Board of Directors

A.Bhattacharya

Partner

Membership No.: 054110

Siddhartha Roy Burman  
Chairman and Managing DirectorDr.Indra Nath Chatterjee  
Independent Director

Place: Kolkata

Date:

Ishani Ray  
Chief Financial OfficerAbhijit Dan  
Company Secretary & Head - Legal

## ANNEXURE - IV A Notes on material adjustments and regroupings to Restated Summary Statements

## 1) Notes on material adjustments

- a) The summary of results of restatements made in the audited financial statements for the respective quarter/years and its impact on the profits of the Company is as follows:

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
I <b>Profit/(loss) after tax (as per audited financial statements)</b>	<b>71.05</b>	<b>307.56</b>	<b>252.44</b>	<b>(186.57)</b>	<b>107.02</b>	<b>103.61</b>
II <b>Restatement Adjustments:</b> Changes in Inventories of Finished Goods, Work- In-Progress and Stock-In-Trade	-	-	-	-	21.40	(21.40)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.40</b>	<b>(21.40)</b>
III <b>Deferred tax adjustment</b> Deferred tax impact on above restatement adjustments	-	-	-	-	(6.94)	6.94
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6.94)</b>	<b>6.94</b>
IV <b>Total adjustments (II + III)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.46</b>	<b>(14.46)</b>
V <b>Restated profit/(loss) after tax (I+IV)</b>	<b>71.05</b>	<b>307.56</b>	<b>252.44</b>	<b>(186.57)</b>	<b>121.47</b>	<b>89.15</b>

## Note:

The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV and V.

b) **Restated adjustments:**

Changes in Inventories of Finished Goods, Work- In-Progress and Stock-In-Trade

From the year ended March 31, 2014, the Company has started providing for obsolescence in respect of slow moving inventory based on its aging. In absence of a policy, no provision for obsolescence in respect of slow/non moving inventories was made in the accounts till the year ended March 31, 2013. For the purpose of this restatement, write down in the value of inventory pertaining to the earlier years have been adjusted in the year to which the stock relates.

2) **Material regrouping**

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Summary Statements of Profit and Losses and Summary Statements of Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for the quarter ended June 30, 2017. The material regrouping made in the Restated Summary Statement of Assets and Liabilities are as under:-

- Payables for purchase of fixed assets were presented under trade payables as at 31 March, 2015, 31 March, 2014, and 31 March, 2013 which have been regrouped under 'Other Current Liabilities' as 'Payables for purchase of fixed assets' in the restated summary statement of assets and liabilities.

- Leasehold building were presented under fixed assets as at 31 March, 2015, 31 March, 2014, and 31 March, 2013 which have been regrouped under 'Long term loans and advances' and 'Short term loans and advances' as 'Prepaid expense' in the restated summary statement of assets and liabilities.

**ANNEXURE - IV B Non adjusting items**

**Emphasis of Matter and Companies (Auditor's Report) Order, 2016**

**Emphasis of Matter**

Emphasis of Matter paragraphs were included in the Auditors' Reports for the years ended 31 March 2014 and 2013, which do not require any corrective adjustment in the Restated Summary Statements. The details of the same are highlighted below:

**For the year ended 31 March, 2014**

We draw attention to the Note 35 to the financial statements which describes the accounting treatment followed by the Company for writing off the "Diminution in the value of Inventory" and "Payment to minority shareholder Account" against the issued, subscribed and paid up Share capital and Securities premium of the Company pursuant to a Scheme of Arrangement for Reduction of Share Capital approved by the members of the Company and confirmed by Honorable Calcutta High Court. The audit opinion was not qualified in respect of this matter.

**For the year ended 31 March, 2013**

On implementation of the order passed by the Company Law Board on 24 July, 2009 as referred to in Note no 34.1 financial Statements, loans and advances include Rs 20.49 million being the value of land and Rs 5.98 million being the value of related work in progress which has been transferred to the minority shareholders and is unrealizable.

Furthermore, loans and advances include Rs 113.33 million which have been paid pursuant to the above settlement order as explained in the Note No 34.3 of the Financial Statements which is unrealizable. This includes Rs 83.33 million pertaining to the previous years and Rs 30.00 million for the year, which have not been provided. Had these provisions been made in the accounts the net worth of the Company for earlier years would have been reduced by Rs 109.80 million and the profit of the Company for the year would have been reduced by Rs 30.00 million with corresponding reduction in the total assets of the Company. The audit opinion was not qualified in respect of this matter.

**Companies (Auditor's Report) Order, 2016**

Remarks / comments included in the Annexure to Auditors' Reports in terms of Companies (Auditor's Report) Order, 2016 for the year ended 31 March 2017, Companies (Auditor's Report) Order, 2015 for the year ended 31 March 2016 and Companies (Auditor's Report) Order, 2003, as amended, for the years ended 31 March 2015, 2014 and 2013, which do not require any corrective adjustment in the Restated Summary Statements are as follows:

**I For the year ended 31 March, 2017**

**Clause (i)(c)**

With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following:

Particulars of the land and building	Gross Block Rs. Millions	Net Block Rs. Millions	Remarks
Leasehold land at Laskarhat Kolkata measuring 34.25 cottah	17.13	15.36	Registration of 34.25 Cottah of Leasehold Land is pending till disposal of legal suit at Calcutta High court.

**ii Clause (Vii)(c)**

Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount in Rupees	Period to which the amount	Forum where dispute is
Income Tax Act, 1961	Income Tax	1.03	2007-08	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	0.08	2008-09	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	2.26	2011-12	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	2.55	2012-13	Commissioner of Income Tax
Central Excise Act, 1944	Excise Duty	0.16	2007-08	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.15	2005-06 and 2006-07	Assistant Commissioner of Service Tax
West Bengal Value Added Tax Act, 2003	Sales Tax	0.95	2011-12	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act, 2003	Sales Tax	0.26	2015-16	West Bengal Taxation Tribunal
West Bengal Entry Tax Act, 2012	Entry Tax	4.66	2015-16	Additional Commissioner of Commercial Tax, WB
Bihar Value Added Tax Act, 2005	Sales Tax	0.81	2012-13	Joint commissioner of Commercial Tax (Appeals)
Bihar Value Added Tax Act, 2005	Sales Tax	0.74	2013-14	Joint commissioner of Commercial Tax (Appeals)

Bihar Value Added Tax Act,2005	Sales Tax	1.38	2014-15	Joint commissioner of Commercial Tax (Appeals)
Central Sales Tax Act , 1956	Sales Tax	3.62	2012-13	Commissioner Sales Tax
Central Sales Tax Act , 1956	Sales Tax	0.07	2014-15	Deputy Commissioner, Appeal, Thiruvananthapuram
Kerala VAT Act,2003	Sales Tax	0.11	2014-15	Deputy Commissioner, Appeal, Thiruvananthapuram
Kerala VAT Act,2003	Sales Tax	0.12	2015-16	Deputy Commissioner, Appeal, Thiruvananthapuram
Kerala VAT Act,2003	Sales Tax	0.18	2015-16	Deputy Commissioner, Appeal, Thiruvananthapuram

## II For the year ended 31 March, 2016

### i Clause (i)(c)

With respect to immovable properties of acquired land and buildings that are freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / provided to us, we report that, the title deeds of such immovable properties are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement except the following:

Particulars of the land and building	Gross Block (as at the 31st March 2016)	Net Block (as at the 31st March 2016)	Remarks
	Rs. Millions	Rs. Millions	
Leasehold land at Laskarhat Kolkata measuring 34.25 cottah	17.13	15.71	Registration of 34.25 Cottah of Leasehold Land is pending till disposal of legal suit at Calcutta High court.

### ii Clause (Vii)(c)

Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount in Rupees millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.03	2007-08	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	0.08	2008-09	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	2.26	2011-12	Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	3.00	2012-13	Commissioner of Income Tax
Central Excise Act, 1944	Excise Duty	1.06	2004 to 2007	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.16	2007-08	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	0.15	2005-06 and 2006-07	Assistant Commissioner of Service Tax
West Bengal Value Added Tax Act, 2003	Sales Tax	1.72	2006-07	West Bengal Commercial Taxes Appellate & Review Board
West Bengal Value Added Tax Act, 2003	Sales Tax	0.95	2010-11	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act, 2003	Sales Tax	0.26	2011-12	West Bengal Taxation Tribunal
Bihar Value Added Tax Act,2005	Sales Tax	0.81	2015-16	Joint commissioner of Commercial Tax (Appeals)
Bihar Value Added Tax Act,2005	Sales Tax	0.74	2012-13	Joint commissioner of Commercial Tax (Appeals)
Bihar Value Added Tax Act,2005	Sales Tax	1.38	2013-14	Joint commissioner of Commercial Tax (Appeals)
Central Sales Tax Act , 1956	Sales Tax	0.91	2014-15	West Bengal Commercial Taxes Appellate & Revisional Board
Central Sales Tax Act , 1956	Sales Tax	1.68	2010-11	West Bengal Commercial Taxes Appellate & Revisional Board
Central Sales Tax Act , 1956	Sales Tax	7.08	2011-12	Commissioner Sales Tax

## III For the year ended 31 March, 2015

### Clause (v)( c )

Details of dues of Income-tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, and Value Added Tax and Cess which have not been deposited as on 31 March, 2015 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount in Rupees millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.03	2007-08	Deputy Commissioner of Income Tax
Income Tax Act, 1961	Income Tax	0.18	2008-09	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	2.26	2011-12	Commissioner of Income Tax (Appeal)
West Bengal Value Added Tax Act, 2003	Value Added tax	1.72	2010-11	West Bengal Commercial Taxes Appellate & Revisional Board
West Bengal Value Added Tax Act, 2003	Value Added tax	0.95	2010-11	West Bengal Taxation Tribunal
West Bengal Value Added Tax Act, 2003	Value Added tax	2.56	2011-12	Additional Commissioner of Commercial Tax (Appeal)
Bihar Value Added Tax Act, 2005	Value Added tax	0.81	2012-13	Joint commissioner of Commercial Tax (Appeals)
Bihar Value Added Tax Act, 2005	Value Added tax	0.74	2013-14	Joint commissioner of Commercial Tax (Appeals)
Bihar Value Added Tax Act, 2005	Value Added tax	1.38	2014-15	Joint commissioner of Commercial Tax (Appeals)
Central Sales Tax Act , 1956	Central Sales Tax	0.91	2010-11	West Bengal Commercial Taxes Appellate & Revisional Board
Central Sales Tax Act , 1956	Central Sales Tax	1.55	2011-12	Additional Commissioner of Commercial Tax (Appeal)
Finance Act, 1994	Service Tax	0.15	2005-06 and 2006-07	Assistant Commissioner of Service Tax
Central Excise Act, 1944	Excise Duty	1.06	2004 to 2007	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.16	2007-08	Customs, Excise and Service Tax Appellate Tribunal

**IV For the year ended 31 March, 2014**

**Clause (X)( C )**

Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31 March, 2014 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount in Rupees millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.03	2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.18	2008-09	Income Tax Appellate Tribunal
West Bengal Value Added Tax Act, 2003	Value Added tax	1.72	2010-11	Additional Commissioner of Commercial Tax, West Bengal
West Bengal Value Added Tax Act, 2003	Value Added tax	0.95	2011-12	West Bengal Taxation Tribunal
Uttar Pradesh Value Added Tax Act, 2008	Value Added tax	0.07	2008-09	Additional Commissioner of Commercial Tax, (Appeal)
Central Sales Tax Act , 1956	Central Sales Tax	0.91	2010-11	Additional Commissioner of Commercial Tax, West Bengal
Finance Act, 1994	Service Tax	0.15	2005-06 and 2006-07	Commissioner of Central Excise (Appeal 1)
Central Excise Act, 1944	Excise Duty	1.06	2004 to 2007	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty	0.19	2007-08	Commissioner of Central Excise (Appeal 1)

**V For the year ended 31 March, 2013**

**Clause (IX)( B )**

Details of dues of Income-tax, Excise Duty, Sales Tax, and Service Tax which have not been deposited as on 31 March, 2013 on account of disputes are given below:

Name of the Statute	Nature of dues	Amount in Rupees millions	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1.03	2007-08	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1.48	2009-10	Commissioner of Income Tax (Appeal)
Central Excise Act, 1944	Excise Duty	0.19	2007-08	Commissioner of Central Excise (Appeal 1)
Central Excise Act, 1944	Excise Duty	2.06	2004-07	Commissioner of Central Excise (Appeal 1)
Finance Act, 1994	Service Tax	0.15	2005-06 and 2006-07	Commissioner of Central Excise (Appeal 1)

West Bengal Value Added Tax Act, 2003	Value Added tax	1.40	2011-12	West Bengal Taxation Tribunal
Uttar Pradesh Value Added Tax Act, 2008	Value Added tax	0.14	2008-09	Additional Commissioner of Commercial Tax, (Appeal)
Central Sales Tax Act , 1956	Central Sales Tax	0.96	2009-10	Additional Commissioner of Commercial Tax, West Bengal

**Khadim India Limited****ANNEXURE - V****NOTES TO RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASHFLOWS****1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

**I. Corporate information :** Khadim India Limited (the 'Company') is an unlisted Public Limited Company engaged in the manufacturing / retail business of footwear and leather accessories.

The Company is incorporated and domiciled in Republic of India. The address of its Registered office is "Kankaria Estate", 5th Floor, 6, Little Russell Street, Kolkata - 700071.

**II. Basis of preparation:** The Company is proposing an initial public offering of its equity shares of face value of INR 10 each ("the Issue") under the Securities and Exchange Board of India ("SEBI") ICDR Regulations and the relevant provisions of the Companies Act, 2013 ("the Act") and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

The Restated Financial Statements relate to the Company and have been specifically prepared for inclusion in the document to be filed by the Company with the SEBI in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred to as the "Issue"). The Restated Financial Statements consist of the restated summary statement of assets and liabilities of the Company as at 30 June 2017, 31 March 2017, 31 March 2016, 31 March 2015, 31 March 2014 and 31 March 2013, the related restated summary statement of profit and losses and the related restated summary statement of cash flows for each of the quarter/years from 1 April 2017 to 30 June 2017, 1 April 2016 to 31 March 2017, 1 April 2015 to 31 March 2016, 1 April 2014 to 31 March 2015, 1 April 2013 to 31 March 2014 and 1 April 2012 to 31 March 2013 (hereinafter collectively referred to as "the Restated Financial Statements").

The Restated Financial Statements have been prepared to comply in all material respects with the requirements of Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013 ('the 2013 Act'); and the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("the SEBI Regulations") notified by SEBI on August 26, 2009, as amended from time to time. The 2013 Act and the SEBI Regulations require the information in respect of the assets and liabilities and profit and losses of the Company for each of the five years immediately preceding the issue of the Prospectus.

These Restated Financial Statements were approved by the Board of Directors of the Company in their meeting held on 24 August 2017.

The Restated Financial Statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 [which has superseded Section 211(3C) of the Companies Act, 1956 w.e.f. 12 September 2013], other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), the provisions of the Companies Act, 2013 to the extent notified and applicable.

The accounting policies have been applied consistently in all these years by the Company.

These restated financial statements have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI Regulations:

- i. Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;
- ii. Adjustments for the material amounts in respective years to which they relate, if any;
- iii. Adjustments for previous years identified and adjusted in arriving at the profits of the years to which they relate irrespective of the year in which the event triggering the profit or loss occurred, if any;
- iv. Adjustment to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;
- v. Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financial statements of the Company as at and for the year ended 31 March 2017 and the requirements of the SEBI Regulations, if any;
- vi. The resultant impact of tax due to the aforesaid adjustments, if any.

All assets and liabilities have been classified as current or non-current as per the normal operating cycle of divisions within the Company and other criteria as set out in the Schedule III to the Companies Act, 2013.

**III. Significant accounting policies:**

**a) Use of estimates :** The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised in the periods in which the results are known/materialised.

**b) Revenue recognition**

- i) Items of Income and expenditure are recognised on accrual basis.
- ii) Sales, net of trade discounts and taxes but inclusive of excise duty are recognised on delivery of goods / merchandise to the dealers / customers.
- iii) Revenue from displays and sponsorships are based on the period for which the products / displays are sponsored or carried out.
- iv) Income on investments is accounted for when the right to receive the payment is established.
- v) Revenue from services is recognised on rendering of services.

**c) Fixed assets**

- i) Fixed Assets (comprising both tangible and intangible items) are stated at cost. The cost includes the original cost of asset, freight, taxes (Net of CENVAT) and other incidental expenses relating to the acquisition and installation.
- ii) Cost of Leasehold rights of Land, including incidental charges thereto are amortised over the period of lease.
- iii) Intangible assets (Computer Software) are stated at their cost less accumulated amortisation. An Intangible asset is recognised where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The carrying value is reviewed at each Balance Sheet date.
- iv) Capital expenses, pending installation/commercial use and certain expenses which can be regarded as incidental and directly related to the project set up are transferred to Capital Work-in-Progress. These expenses are allocated to fixed assets in the year of installation/commencement of commercial usage.
- v) Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.
- vi) Impairment loss, if any, is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

**d) Depreciation**

Depreciation (including amortisation) is calculated in the following manner :

- i) Leasehold land is amortised over the period of lease.

ii) Depreciation on other fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain Furniture and fixtures in whose case life of the assets has been assessed at 6 years, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

iii) Intangible assets are depreciated over the useful life (generally 3-5 years) on straight line basis.

**e) Investments**

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair-value whichever is lower. Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually

**f) Inventories**

Inventories are valued at cost or net realisable value, which ever is lower. For this purpose, basis of ascertainment of cost is as under:

- Raw-Materials and Packing Materials : At cost on First-in-First-out basis (FIFO).
- Stock in process: Raw material cost plus conversion cost upto the stage of completion.
- Finished goods : Raw-material cost and other related overhead cost inclusive of excise duty payable on clearance
- Trading goods : At landed cost plus related overhead cost, determined on FIFO basis.

**g) Taxation**

Current Tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred Tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation. No deferred tax asset on unabsorbed depreciation and carry forward of losses are recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

**h) Employee Benefits**

- i) Short-term Employee benefits (i.e. benefits payable within one year) are recognised in the period in which the employee services are rendered.
- ii) Contributions to Provident Fund and other funds in accordance with the relevant plans / schemes (Defined Contribution Schemes) are charged to Statement of Profit and Loss on accrual basis.
- iii) Gratuity is maintained as a defined benefit retirement plan and contribution is made to Life Insurance Corporation Of India as per Company's Scheme. Provision/ Write back, if any, is made on the basis of the present value of the liability as at the Balance Sheet date as determined by actuarial valuation following projected unit credit method.
- iv) Leave encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary using projected unit credit method as at the Balance Sheet date. Regular contributions are made to SBI Life Insurance Company Limited as per Company's Scheme.

**i) Treatment of Prior Period, Extraordinary Items and Changes in Accounting Policies**

- i) Any material items (other than those arising out of over / under-estimation of earlier years) arising as a result of error or omission in preparation of earlier years Financial Statements are separately disclosed.
- ii) Any material gains/ losses, which arise from the events or transactions which are distinct from ordinary activities of the Company are separately disclosed.

**j) Foreign Currency Transactions and Translation**

Foreign Currency transactions are recorded at the prevalent exchange rates as on the dates of the respective transactions. Year-end monetary assets/ liabilities, denominated in foreign currencies, are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**k) Borrowing Costs**

Borrowing Cost, if any, that are attributable to the acquisition, construction or production of 'Qualifying Assets' are capitalised as part of cost of such assets. A 'Qualifying Asset' is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

**l) Leases**

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

**m) Provisions and contingencies**

A provision is recognised when the Company has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**n) Derivative Transactions**

Premium / discount on forward exchange contracts are amortised over the period of the contracts. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

**o) Government Grants**

Government Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Grants related to depreciable fixed assets are treated as deferred income. The deferred income is recognised in the Statement of Profit and Loss on a systematic and rational basis over the useful life of assets to which the grant relates to. Such allocation to income is made over the periods and in proportions in which depreciation on related assets is charged.

**p) Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

**Khadim India Limited**

**ANNEXURE VI - RESTATED STATEMENT OF SHARE CAPITAL**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Authorised</b> 6,00,00,000 (31 March 2017 : 6,00,00,000; 31 March 2016 : 6,00,00,000; 31 March 2015: 6,00,00,000; 31 March 2014: 24,00,00,000; 31 March 2013: 2,50,00,000) equity shares of Rs. 10 (31 March 2017: Rs.10; 31 March 2016 : Rs.10; 31 March 2015: Rs.10; 31 March 2014: Rs.2.50; 31 March 2013: Rs.10) each	600.00	600.00	600.00	600.00	600.00	250.00
	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>	<b>600.00</b>	<b>250.00</b>
<b>Issued, subscribed and paid-up</b> 1,72,98,531 (31 March 2017 : 1,72,98,531; 31 March 2016 : 1,72,98,531; 31 March 2015: 1,72,98,531; 31 March 2014: 4,85,40,952; 31 March 2013: 1,21,35,238) equity shares of Rs. 10 (31 March 2017 : Rs.10; 31 March 2016 : Rs.10; 31 March 2015: Rs.10; 31 March 2014: Rs.2.50; 31 March 2013: Rs.10) each	172.99	172.99	172.99	172.99	121.35	121.35
	<b>172.99</b>	<b>172.99</b>	<b>172.99</b>	<b>172.99</b>	<b>121.35</b>	<b>121.35</b>

**(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting quarter/year**

Particulars	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Balance as at the beginning of the quarter/year	1,72,98,531	172.99	1,72,98,531	172.99	1,72,98,531	172.99	4,85,40,952	121.35	1,21,35,238	121.35	1,21,35,238	121.35
Add: Bonus shares issued during the quarter/year	-	-	-	-	-	-	-	-	3,64,05,714	364.06	-	-
Add: Equity shares issued on conversion of debentures	-	-	-	-	-	-	51,63,293	51.63	-	-	-	-
Less: Reduction of Share Capital	-	-	-	-	-	-	-	-	-	(364.06)	-	-
Less: Consolidation of 4 shares of Rs.2.50 each into one share of Rs.10 each	-	-	-	-	-	-	(3,64,05,714)	-	-	-	-	-
Balance as at the end of the quarter/year	<b>1,72,98,531</b>	<b>172.99</b>	<b>1,72,98,531</b>	<b>172.99</b>	<b>1,72,98,531</b>	<b>172.99</b>	<b>1,72,98,531</b>	<b>172.99</b>	<b>4,85,40,952</b>	<b>121.35</b>	<b>1,21,35,238</b>	<b>121.35</b>

**Notes:**

**(a) The rights, preferences and restrictions attached to Equity Shares**

The Company has one class of Equity Shares having a face value of Rs.10 (Rs.2.50 for financial year 2013-14) per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of liquidation, the Equity shareholders are eligible to receive the remaining assets of the Company after distribution of all Preferential amounts, in proportion to their shareholding.

**(b)(i) Issue of Bonus Shares:** During the year ended 31 March 2014, the Company issued bonus shares to the shareholders in the ratio of 1:3 aggregating 36,405,714 number of equity shares of Rs. 10 each as fully paid by utilising balance in General Reserve account and Surplus in Statement of Profit and Loss Account to the extent of Rs. 4.34 millions and Rs 359.72 millions respectively.

**(ii) Reduction of Share Capital:** During the year ended 31 March 2014, pursuant to a scheme of Arrangement for Reduction of Capital approved by the Hon'able Calcutta High Court on 14th March, 2014 the Company reduced its issued, subscribed and paid up equity share capital from Rs 485.41 millions divided into 48,540,952 number of Equity Shares of Rs. 10 each fully paid up to Rs. 121.35 millions divided into 48,540,952 equity shares of Rs. 2.50 each [Refer Note 13 of Annexure XXXVIII]

**(iii) Equity Shares allotted as fully paid pursuant to contract without payment being received in cash during the period of five years immediately preceding 30th June 2017:** During the year ended 31 March 2015, the Company issued 51,63,293 Equity Shares of face value Rs.10 each at a conversion premium of Rs.140.03 per share on conversion of Zero Coupon Compulsorily Convertible Debentures (Unsecured) issued in 2013-14, as per the formula set out in, and each with rights, preferences and privileges contained in the Securities Subscription and Share Purchase Agreement.

**(iv) Consolidation in face value of Equity Shares:** During the year ended 31 March 2015, The Company in its Extra-Ordinary General Meeting dated 4th June, 2014 passed a special resolution for consolidation in the face value of the Equity Shares of the Company, whereby, the Authorised Share Capital of the Company was consolidated from 24,00,00,000 Equity Shares of Rs. 2.50 each to 6,00,00,000 Equity Shares of Rs. 10 each and the Issued, Subscribed and Paid-up capital was consolidated from 4,85,40,952 Equity Shares of Rs. 2.50 each to 1,21,35,238 Equity Shares of Rs.10 each.

**Khadim India Limited**

**ANNEXURE VI - RESTATED STATEMENT OF SHARE CAPITAL (CONTINUED)**

**(c) Details of Shareholders holding more than 5 % shares in the Company**

Name of shareholders	As at 30 June 2017		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	Holding %	No. of shares	Holding %	No. of shares	Holding %	No. of shares	Holding %	No. of shares	Holding %	No. of shares	Holding %	No. of shares
<b>Equity shares:</b>												
Knightsville Private Limited (Holding Company)	50.51	87,37,829	50.51	87,37,829	50.51	87,37,829	50.51	87,37,829	72.00	3,49,51,316	72.00	87,37,829
Siddhartha Roy Burman	12.56	21,73,149	12.56	21,73,149	12.56	21,73,149	12.56	21,73,149	17.91	86,92,596	3.59	4,35,985
Reliance Alternative Investments Fund - PE Scheme I	33.83	58,52,093	33.83	58,52,093	33.83	58,52,093	33.83	58,52,093	5.68	27,55,200	-	-
Satya Prasad Roy Burman	-	-	-	-	-	-	-	-	-	-	10.22	12,40,749
Namita Roy Burman	-	-	-	-	-	-	-	-	-	-	5.11	6,20,137

(d) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(e) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

## ANNEXURE VII - RESTATED STATEMENT OF RESERVES AND SURPLUS

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>A. Capital Reserve - Amalgamation Reserve [Refer Note (a)]</b>	<b>231.92</b>	<b>231.92</b>	<b>231.92</b>	<b>231.92</b>	<b>231.92</b>	<b>231.92</b>
<b>B. Securities Premium Account</b>						
Balance at the beginning of the quarter/year	761.16	761.16	761.16	38.15	93.89	93.89
Add: Amount credited on conversion of debentures into equity shares	-	-	-	723.01	-	-
Less : Amount utilised for Capital Reduction	-	-	-	-	(55.74)	-
<b>Balance at the end of the quarter/year</b>	<b>761.16</b>	<b>761.16</b>	<b>761.16</b>	<b>761.16</b>	<b>38.15</b>	<b>93.89</b>
<b>C. General reserve</b>						
Balance at the beginning of the quarter/year	-	-	-	-	4.34	4.34
Less : Amount utilised for issue of Bonus shares	-	-	-	-	(4.34)	-
<b>Balance at the end of the quarter/year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.34</b>
<b>D. Surplus in the statement of profit and loss</b>						
Balance at the beginning of the year (as restated)	685.50	377.94	125.50	346.74	584.99	510.04
Profit/(Loss) for the quarter/year	71.05	307.56	252.44	(186.57)	121.47	89.15
Less : Appropriations						
Proposed Dividend on Equity Shares @ Re.1 per share	-	-	-	-	-	(12.14)
Tax on Proposed Dividend on Equity Shares	-	-	-	-	-	(2.06)
Less : Amount utilised for issue of Bonus shares	-	-	-	-	(359.72)	-
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life [Net of deferred tax Rs.17.12 millions] (Refer Note 12 of Annexure XXXVIII)	-	-	-	(34.67)	-	-
<b>Net surplus in the statement of profit and loss as restated</b>	<b>756.55</b>	<b>685.50</b>	<b>377.94</b>	<b>125.50</b>	<b>346.74</b>	<b>584.99</b>
<b>Total reserves and surplus (A+B+C+D)</b>	<b>1,749.63</b>	<b>1,678.58</b>	<b>1,371.02</b>	<b>1,118.58</b>	<b>616.81</b>	<b>915.14</b>

**Notes:**

(a) Pursuant to the Scheme of Amalgamation approved by the Hon'ble High Court at Calcutta with effect from 1st October, 2004, the surplus of net assets over the Equity Shares issued as purchase consideration has been treated as Capital Reserve.

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE VIII - RESTATED STATEMENT OF LONG TERM BORROWINGS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Secured loans</b>						
<b>Term Loans</b>						
From Banks						
SBI Term Loan	-	-	9.11	47.66	98.16	165.61
SBI Corporate Loan	-	-	-	-	11.54	50.00
ICICI Bank	-	-	-	-	-	28.30
AXIS Bank Term Loan I	-	-	37.50	75.00	112.50	150.00
AXIS Bank Term Loan II	-	-	9.97	19.98	29.98	39.99
Small Industries Development Bank of India [Refer Note (c)(i)]	-	2.00	14.00	26.00	38.00	50.00
<b>Vehicle Loans</b>						
From Audi Finance	-	-	-	-	0.51	1.92
<b>Unsecured loans</b>						
From related parties	-	-	-	-	-	22.00
<b>Total</b>	-	<b>2.00</b>	<b>70.58</b>	<b>168.64</b>	<b>290.69</b>	<b>507.82</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE VIII - RESTATED STATEMENT OF LONG TERM BORROWINGS (Continued)**

(c) Nature of Security and Terms of repayment for Secured borrowings

<b>Nature of Security</b>	<b>Terms of Repayment and rate of interest</b>
<p><b>i Primary security</b> - Secured by hypothecation of all the movable assets (including Current Assets), both present and future. The charge is subservient to all the existing and prospective charges created / to be created on the said assets in favor of other banks which have extended loans for the same business as SIDBI.</p> <p><b>Collateral security</b> - Personal guarantee of Promoter Directors and Corporate Guarantee of Holding Company.</p>	<p><b>4 Repayable</b> - By way of 50 monthly instalments of Rs.1.00 millions each starting from 36 months from the date of first disbursement (25th March 2011).</p> <p>Rate of interest 13.50% per annum</p>

**Khadim India Limited**

**ANNEXURE IX - RESTATED STATEMENT OF NET DEFERRED TAX ASSETS/LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Deferred tax liabilities:</b>						
On difference between book balance and tax balance of fixed assets	74.97	75.67	76.31	80.03	112.00	95.85
<b>Deferred tax liabilities (A)</b>	<b>74.97</b>	<b>75.67</b>	<b>76.31</b>	<b>80.03</b>	<b>112.00</b>	<b>95.85</b>
<b>Deferred tax assets:</b>						
Provision for Gratuity	-	-	-	-	0.78	0.54
Provision for Leave Encashment	0.51	0.90	0.57	1.79	4.31	2.57
Provision for Doubtful Debts And Advances	5.19	5.34	4.44	3.83	4.07	3.25
Provision for slow moving inventories	12.80	11.69	7.18	4.25	10.44	6.95
<b>Deferred tax liabilities (B)</b>	<b>18.50</b>	<b>17.93</b>	<b>12.19</b>	<b>9.87</b>	<b>19.60</b>	<b>13.31</b>
<b>Net Deferred tax assets/liabilities (A-B)</b>	<b>56.47</b>	<b>57.74</b>	<b>64.12</b>	<b>70.16</b>	<b>92.40</b>	<b>82.54</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE X - RESTATED STATEMENT OF OTHER LONG-TERM LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Others:</b>						
Security Deposits	88.47	86.03	80.40	68.73	64.31	62.87
Deferred Government Grant	6.12	6.44	7.55	8.72	-	-
<b>Total</b>	<b>94.59</b>	<b>92.47</b>	<b>87.95</b>	<b>77.45</b>	<b>64.31</b>	<b>62.87</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XI - RESTATED STATEMENT OF LONG-TERM PROVISIONS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Provision for employee benefits</b>						
Provision for gratuity	-	-	-	-	0.53	1.07
Provision for leave encashment	4.92	6.06	5.08	8.29	16.95	11.70
<b>Total</b>	<b>4.92</b>	<b>6.06</b>	<b>5.08</b>	<b>8.29</b>	<b>17.48</b>	<b>12.77</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXI.

**Khadim India Limited**

**ANNEXURE XII - RESTATED STATEMENT OF SHORT-TERM BORROWINGS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Secured</b>						
<b>Loans repayable on demand</b>						
<b>Cash Credit / Working Capital Demand Loans from Banks</b>						
SBI Cash Credit [Refer Note (c)(i)]	424.04	432.43	482.64	178.03	274.24	389.77
SBI Demand Loan	-	-	-	250.00	-	-
SBI - Standby Line of Credit [Refer Note (c)(i)]	40.00	40.00	-	40.00	-	40.00
YES Bank Cash Credit [Refer Note (c)(i)]	19.81	32.52	27.71	32.71	22.20	25.90
YES Bank Demand Loan	-	-	-	20.00	20.00	40.00
Axis Bank Cash Credit [Refer Note (c)(i)]	68.52	52.50	45.78	49.99	3.31	40.37
ICICI Bank Cash Credit [Refer Note (c)(i)]	29.42	29.60	-	28.90	29.04	-
HDFC Bank Cash Credit [Refer Note (c)(i)]	95.98	98.94	97.14	99.95	-	-
SBH Cash Credit [Refer Note (c)(ii)]	252.05	160.86	251.65	238.07	165.26	263.12
ICICI Bank Demand Loan [Refer Note (c)(iii)]	60.00	60.00	60.00	75.00	-	50.00
HDFC Bank Short Term Loan [Refer Note (c)(iv)]	350.00	100.00	-	-	-	-
<b>Bank Overdraft</b>						
From Banks:						
ICICI Bank	-	-	-	12.12	10.02	58.91
ING Vysya Bank	-	-	-	-	-	13.62
YES Bank	-	-	-	-	49.79	-
HDFC Bank	-	-	-	-	205.90	-
<b>Buyer's Credit from Banks</b>						
SBI [Refer Note (c)(i)]	27.49	32.80	11.50	25.72	-	69.63
<b>Unsecured</b>						
Inter Corporate Deposits	-	-	-	-	-	202.60
<b>Total</b>	<b>1,367.31</b>	<b>1,039.65</b>	<b>976.42</b>	<b>1,050.49</b>	<b>779.76</b>	<b>1,193.92</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.  
(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited****ANNEXURE XII - RESTATED STATEMENT OF SHORT-TERM BORROWINGS (Continued)**

(c) Nature of Security (Working Capital Demand Loans and Buyer's credit from Banks):

<b>Nature of Security</b>
<p><b>i Primary security</b> - Hypothecation charge on inventory, receivables and all other current assets of the Company, both present and future, on pari-passu basis with other working capital member banks under the consortium.</p> <p><b>Collateral security</b> - 2nd charge on the primary security for all State Bank of India Term loans, equitable mortgage of properties at Kancharapara, Salt Lake, KG Road, Bangalore and Civil Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, personal guarantees of promoter directors and corporate guarantees of group companies.</p>
<p><b>ii Primary security</b> - Same as State Bank of India Cash Credit [Refer Note (i) above].</p> <p><b>Collateral security</b> - Equitable mortgage of properties at Kancharapara, Salt Lake, KG Road, Bangalore and Civil Station, Bangalore, on pari-passu basis with other working capital members banks under the consortium, exclusive charge on property at P-43 and P-43A at Kasba Industrial Estate, Kolkata, subservient charge on all the movable and immovable assets of the Company, personal guarantees of promoter directors and corporate guarantees of group companies.</p>
<p><b>iii Primary security</b> - Secured by hypothecation of all credit card receivables both present and future, mortgage of factory building at S19, S20 and S21 at Kasba, Kolkata, retail outlet at Rashbehari Avenue, Kolkata, Corporate guarantee of the Holding Company and personal guarantee of Managing Director.</p>
<p><b>iv</b> Secured by hypothecation of credit card receivables, mortgage of properties at S26 and P31 at Kasba, Kolkata, retail outlet at Tollygunge, Howrah, Chandannagar and personal guarantee of Managing Director.</p>

**Khadim India Limited**

**ANNEXURE XIII - RESTATED STATEMENT OF TRADE PAYABLES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Trade payables</b>						
Total outstanding dues to micro and small enterprises [Refer Note (a)]	19.80	21.64	21.26	13.38	18.48	11.39
Total outstanding dues to creditors other than micro and small enterprises	1,114.57	813.19	490.85	448.32	798.97	688.58
Acceptances	45.63	39.51	35.87	103.41	114.66	46.02
Employee Benefits Payable	14.64	23.89	20.47	9.21	33.55	27.92
<b>Total</b>	<b>1,194.64</b>	<b>898.23</b>	<b>568.45</b>	<b>574.32</b>	<b>965.66</b>	<b>773.91</b>

**Notes:**

(a) There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days during the quarter/years and also as at the end of the quarter/years. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XIV - RESTATED STATEMENT OF OTHER CURRENT LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Current maturities of long - term debt:						
Vehicle Loans	-	-	-	0.50	1.42	1.57
Term Loans	28.13	49.50	96.73	111.10	197.61	173.65
	<b>28.13</b>	<b>49.50</b>	<b>96.73</b>	<b>111.60</b>	<b>199.03</b>	<b>175.22</b>
Zero Coupon Compulsorily Convertible Debentures (Unsecured) [Refer Note (a)]	-	-	-	-	774.64	-
Interest accrued but not due on borrowings	-	0.11	0.21	0.34	0.42	4.17
Interest accrued and due on borrowings	1.92	1.69	1.72	5.78	5.47	6.40
Advance from customers and others	106.44	21.04	23.73	34.93	16.15	19.13
Security Deposits	5.98	6.11	5.30	4.82	3.94	2.23
Investors Education and Protection Fund (the fund) shall be credited by the following amount						
Unclaimed/Unpaid Dividend [Refer Note (b)]*	0.00	0.00	0.00	0.00	0.00	0.00
Other payables:						
Statutory remittances (VAT and Sales Tax, Contribution to Provident and Other Funds, Withholding Tax)	52.33	33.08	21.98	23.94	29.32	23.84
Payables on purchase of fixed assets	11.46	19.16	23.42	7.43	9.65	19.13
Deferred Government Grant	1.10	1.11	1.11	1.06	-	-
Others (Coupon liability, Provision for Corporate Social Responsibility etc.)	3.81	5.10	2.89	5.93	2.25	10.16
<b>Total</b>	<b>211.17</b>	<b>136.90</b>	<b>177.09</b>	<b>195.83</b>	<b>1,040.87</b>	<b>260.28</b>

**Notes:**

- (a) During the year ended 31 March 2014, the Company issued 77,463,840 number of Zero Coupon Compulsorily Convertible Debentures (Unsecured) of Rs.10/- each which are compulsorily convertible into equity shares on or before 30 September 2014. [Refer Annexure VI(b)(iii)]
- (b) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956/Section 125 of the Companies Act,2013 as at the quarter/year end.
- (c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

\* The unclaimed/unpaid dividend amount is below the rounding off norm adopted by the Company.

**Khadim India Limited**

**ANNEXURE XV - RESTATED STATEMENT OF SHORT-TERM PROVISIONS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

<b>Particulars</b>	<b>As at</b>					
	<b>30 June 2017</b>	<b>31 March 2017</b>	<b>31 March 2016</b>	<b>31 March 2015</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Provision for employee benefits</b>						
Provision for gratuity	-	-	-	-	1.30	-
Provision for leave encashment	0.80	0.79	0.81	1.15	0.09	-
<b>Others</b>						
Provision for Income Tax [Net of advance taxes - 30 June 2017: Rs.98.08 millions; 31 March 2017: Rs.82.82 millions; 31 March 2016: Rs.77.35 millions; 31 March 2015: Rs.32.41 millions; 31 March 2014: Rs.73.26 millions; 31 March 2013: Rs.63.86 millions]	21.07	12.59	28.47	18.14	19.80	10.38
Provision for diminution in Long Term Investments	-	-	-	-	-	0.14
Provision for Proposed Equity Dividend	-	-	-	-	-	12.14
Provision for Tax on Proposed Dividend	-	-	-	-	-	2.06
<b>Total</b>	<b>21.87</b>	<b>13.38</b>	<b>29.28</b>	<b>19.29</b>	<b>21.19</b>	<b>24.72</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

Particulars	Tangible Assets							Intangible Assets		Grand Total (A+B)
	Freehold Land	Leasehold Land [Refer Note (a)]	Freehold Buildings	Plant and machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total (A)	Software (acquired)	
<b>Gross Block</b>										
<b>As at April 1, 2012</b>	<b>16.76</b>	<b>145.83</b>	<b>570.31</b>	<b>230.19</b>	<b>384.86</b>	<b>16.72</b>	<b>25.72</b>	<b>1,390.39</b>	<b>43.42</b>	<b>43.42</b>
Additions during the year	-	14.00	171.28	155.36	99.75	4.71	5.76	450.86	5.79	5.79
Disposals/Adjustments during the year	-	-	-	2.20	14.59	-	0.42	17.21	-	17.21
<b>As at March 31, 2013</b>	<b>16.76</b>	<b>159.83</b>	<b>741.59</b>	<b>383.35</b>	<b>470.02</b>	<b>21.43</b>	<b>31.06</b>	<b>1,824.04</b>	<b>49.21</b>	<b>49.21</b>
Additions during the year	-	-	43.29	70.23	54.22	-	20.59	188.33	6.22	194.55
Disposals/Adjustments during the year	-	-	-	11.10	14.78	0.36	0.26	26.50	-	26.50
<b>As at March 31, 2014</b>	<b>16.76</b>	<b>159.83</b>	<b>784.88</b>	<b>442.48</b>	<b>509.46</b>	<b>21.07</b>	<b>51.39</b>	<b>1,985.87</b>	<b>55.43</b>	<b>55.43</b>
Additions during the year	-	-	0.91	43.73	93.45	2.67	5.02	145.78	2.83	148.61
Disposals/Adjustments during the year	-	-	8.56	5.58	21.27	1.07	1.63	38.11	-	38.11
<b>As at March 31, 2015</b>	<b>16.76</b>	<b>159.83</b>	<b>777.23</b>	<b>480.63</b>	<b>581.64</b>	<b>22.67</b>	<b>54.78</b>	<b>2,093.54</b>	<b>58.26</b>	<b>58.26</b>
Additions during the year	-	0.64	0.58	63.16	39.84	2.94	1.43	108.59	11.05	119.64
Disposals/Adjustments during the year	-	-	-	20.17	30.31	2.25	2.37	55.10	29.52	84.62
<b>As at March 31, 2016</b>	<b>16.76</b>	<b>160.47</b>	<b>777.81</b>	<b>523.62</b>	<b>591.17</b>	<b>23.36</b>	<b>53.84</b>	<b>2,147.03</b>	<b>39.79</b>	<b>39.79</b>
Additions during the year	-	-	-	82.07	59.46	2.29	3.51	147.33	4.69	152.02
Disposals/Adjustments during the year	-	20.20	84.37	21.47	23.61	15.65	0.51	165.81	15.76	181.57
<b>As at March 31, 2017</b>	<b>16.76</b>	<b>140.27</b>	<b>693.44</b>	<b>584.22</b>	<b>627.02</b>	<b>10.00</b>	<b>56.84</b>	<b>2,128.55</b>	<b>28.72</b>	<b>28.72</b>
Additions during the quarter	-	-	1.02	48.72	28.80	-	3.24	81.78	1.60	83.38
Disposals/Adjustments during the quarter	-	4.77	-	0.42	6.50	-	0.04	11.73	-	11.73
<b>As at June 30, 2017</b>	<b>16.76</b>	<b>135.50</b>	<b>694.46</b>	<b>632.52</b>	<b>649.32</b>	<b>10.00</b>	<b>60.04</b>	<b>2,198.60</b>	<b>30.32</b>	<b>2,228.92</b>
<b>Accumulated Depreciation and Amortisation</b>										
<b>As at April 1, 2012</b>	<b>-</b>	<b>9.50</b>	<b>44.60</b>	<b>94.04</b>	<b>100.85</b>	<b>6.84</b>	<b>8.87</b>	<b>264.70</b>	<b>22.89</b>	<b>22.89</b>
Charge for the year	-	2.44	13.89	26.79	26.25	1.77	1.77	72.91	9.86	82.77
Disposals/Adjustments during the year	-	-	-	1.93	6.02	-	0.23	8.18	-	8.18
<b>As at March 31, 2013</b>	<b>-</b>	<b>11.94</b>	<b>58.49</b>	<b>118.90</b>	<b>121.08</b>	<b>8.61</b>	<b>10.41</b>	<b>329.43</b>	<b>32.75</b>	<b>32.75</b>
Charge for the year	-	2.44	16.93	36.69	36.25	1.82	1.86	95.99	9.68	105.67
Disposals/Adjustments during the year	-	-	-	5.63	13.92	0.33	0.19	20.07	-	20.07
<b>As at March 31, 2014</b>	<b>-</b>	<b>14.38</b>	<b>75.42</b>	<b>149.96</b>	<b>143.41</b>	<b>10.10</b>	<b>12.08</b>	<b>405.35</b>	<b>42.43</b>	<b>42.43</b>
Charge for the year	-	2.44	17.32	40.27	114.50	3.21	9.54	187.28	4.51	191.79
Transition adjustment	-	-	-	6.11	36.37	0.03	9.27	51.78	-	51.78
Disposals/Adjustments during the year	-	-	1.68	5.11	19.30	0.62	1.61	28.32	-	28.32
<b>As at March 31, 2015</b>	<b>-</b>	<b>16.82</b>	<b>91.06</b>	<b>191.23</b>	<b>274.98</b>	<b>12.72</b>	<b>29.28</b>	<b>616.09</b>	<b>46.94</b>	<b>46.94</b>
Charge for the year	-	2.45	17.30	40.17	86.44	3.34	7.84	157.54	5.34	162.88
Disposals/Adjustments during the year	-	-	-	19.63	23.62	2.25	1.49	46.99	27.07	74.06
<b>As at 31 March, 2016</b>	<b>-</b>	<b>19.27</b>	<b>108.36</b>	<b>211.77</b>	<b>337.80</b>	<b>13.81</b>	<b>35.63</b>	<b>726.64</b>	<b>25.21</b>	<b>25.21</b>
Charge for the year	-	2.45	17.26	47.04	77.92	1.87	7.07	153.61	5.40	159.01
Disposals/Adjustments during the year	-	3.42	17.17	12.63	22.22	12.25	0.48	68.17	15.76	83.93
<b>As at 31 March, 2017</b>	<b>-</b>	<b>18.30</b>	<b>108.45</b>	<b>246.18</b>	<b>393.50</b>	<b>3.43</b>	<b>42.22</b>	<b>812.08</b>	<b>14.85</b>	<b>14.85</b>
Charge for the quarter	-	0.53	3.95	13.23	17.71	0.25	1.85	37.52	1.40	38.92
Disposals/Adjustments during the quarter	-	0.40	-	0.42	6.12	-	0.03	6.97	-	6.97
<b>As at June 30, 2017</b>	<b>-</b>	<b>18.43</b>	<b>112.40</b>	<b>258.99</b>	<b>405.09</b>	<b>3.68</b>	<b>44.04</b>	<b>842.63</b>	<b>16.25</b>	<b>16.25</b>
<b>Net Block :</b>										
<b>As at March 31, 2013</b>	<b>16.76</b>	<b>147.89</b>	<b>683.10</b>	<b>264.45</b>	<b>348.94</b>	<b>12.82</b>	<b>20.65</b>	<b>1,494.61</b>	<b>16.46</b>	<b>16.46</b>
<b>As at March 31, 2014</b>	<b>16.76</b>	<b>145.45</b>	<b>709.46</b>	<b>292.52</b>	<b>366.05</b>	<b>10.97</b>	<b>39.31</b>	<b>1,580.52</b>	<b>13.00</b>	<b>13.00</b>
<b>As at March 31, 2015</b>	<b>16.76</b>	<b>143.01</b>	<b>686.17</b>	<b>289.40</b>	<b>306.66</b>	<b>9.95</b>	<b>25.50</b>	<b>1,477.45</b>	<b>11.32</b>	<b>11.32</b>
<b>As at March 31, 2016</b>	<b>16.76</b>	<b>141.20</b>	<b>669.45</b>	<b>311.85</b>	<b>253.37</b>	<b>9.55</b>	<b>18.21</b>	<b>1,420.39</b>	<b>14.58</b>	<b>14.58</b>
<b>As at March 31, 2017</b>	<b>16.76</b>	<b>121.97</b>	<b>584.99</b>	<b>338.04</b>	<b>233.52</b>	<b>6.57</b>	<b>14.62</b>	<b>1,316.47</b>	<b>13.87</b>	<b>13.87</b>
<b>As at June 30, 2017</b>	<b>16.76</b>	<b>117.07</b>	<b>582.06</b>	<b>373.53</b>	<b>244.23</b>	<b>6.32</b>	<b>16.00</b>	<b>1,355.97</b>	<b>14.07</b>	<b>14.07</b>

**Notes:**

(a) Leasehold land includes Rs.22.50 millions paid to Kolkata Metropolitan Development Authority (KMDA) as lease premium for a land at Laskarhat, Kolkata having a lease term of 99 years. The Company has received possession for 10.75 kottahs. The related lease deed has been executed subsequently. Remaining portion of the said land is under dispute for which legal proceeding is pending.

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XVII - RESTATED STATEMENT OF NON-CURRENT INVESTMENTS (At cost)**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Investments in Mutual Fund</b>						
<b>Quoted :</b>						
22,876 units of UTI Infrastructure Fund of Rs.21.09 each	-	-	0.48	0.48	0.48	0.48
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>
<b>Aggregate amount of quoted investments</b>	<b>-</b>	<b>-</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>	<b>0.48</b>
<b>Aggregate market value of quoted investments</b>	<b>-</b>	<b>-</b>	<b>0.46</b>	<b>0.57</b>	<b>0.39</b>	<b>0.34</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.  
(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XVIII - RESTATED STATEMENT OF LONG-TERM LOANS AND ADVANCES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Unsecured and considered good</b>						
Capital advances						
Paid to related parties [Refer Note (a)]	-	-	-	-	-	59.04
Paid to others	13.30	11.73	8.58	7.40	8.36	9.64
Security deposits	226.93	208.10	184.15	181.93	163.00	154.71
On account payments to Minority Shareholders (in cash/in kind) pursuant to order of Company Law Board	-	-	-	-	199.80	139.80
Less: Written off pursuant to Scheme of Arrangement for Capital Reduction [Refer Note 13 of Annexure XXXVIII]	-	-	-	-	(199.80)	-
Other Loans and advances:						
Prepaid expenses	27.42	27.58	28.65	31.16	28.54	27.33
Advance income tax [Net of provision for income tax - 30 June 2017: Rs.41.79 millions; 31 March 2017: Rs.41.79 millions; 31 March 2016: Rs.41.79 millions; 31 March 2015: Rs.73.54 millions; 31 March 2014: Rs.73.54 millions; 31 March 2013: Rs.41.79 millions]	2.54	2.54	21.51	32.14	3.87	4.27
MAT Credit entitlement	13.47	28.31	41.98	-	-	-
Other long term advances	6.64	6.70	6.19	6.63	6.52	6.57
<b>Unsecured, Considered Doubtful</b>						
Capital Advances	-	-	-	0.25	0.25	0.25
Security Deposits	-	-	-	0.03	0.03	0.03
Less : Provision for Doubtful Advances/ Security Deposits	-	-	-	(0.28)	(0.28)	(0.28)
<b>Total</b>	<b>290.30</b>	<b>284.96</b>	<b>291.06</b>	<b>259.26</b>	<b>210.29</b>	<b>401.36</b>

**Notes:**

**(a) Following are the amounts due from related parties**

Particulars	Relationship	As at					
		30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Khadim Development Co Pvt Ltd	Enterprises over which KMP and their relatives have substantial interest	-	-	-	-	-	59.04
<b>Total</b>		-	-	-	-	-	<b>59.04</b>

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XIX - RESTATED STATEMENT OF OTHER NON-CURRENT ASSETS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Unsecured, Considered Good</b>						
Government Grant Receivable	11.49	11.49	11.49	9.03	-	5.24
<b>Total</b>	<b>11.49</b>	<b>11.49</b>	<b>11.49</b>	<b>9.03</b>	<b>-</b>	<b>5.24</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XX - RESTATED STATEMENT OF CURRENT INVESTMENTS:**  
**(At lower of cost and fair value, unless otherwise stated)**

*(All amounts in Millions Rupees except for share data or as otherwise stated)*

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Investments in Mutual Fund</b>						
<b>Quoted :</b>						
1,25,823 Units of Rs.10 each of DSP Blackrock Ultra Short Term Fund (31 March 2016: 4,72,846 units)	1.50	-	5.00	-	-	-
664 Units of Rs.1000 each of Reliance Money Manager Fund (31 March 2016: 2,762 units)	1.50	-	5.50	-	-	-
8,91,011 Units of Rs.10 each of DSP Blackrock Short Term Fund	24.80	-	-	-	-	-
<b>Total</b>	<b>27.80</b>	<b>-</b>	<b>10.50</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Aggregate amount of quoted investments</b>	27.80	-	10.50	-	-	-
<b>Aggregate market value of listed and quoted investments</b>	28.34	-	10.91	-	-	-

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.  
(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXI - RESTATED STATEMENT OF INVENTORIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Raw Material, packing material and components	165.66	108.25	92.00	88.58	128.80	124.06
Work-in-progress (footwear)	63.41	49.93	55.56	65.75	77.24	80.86
Finished goods [Refer Note (b)]						
- Manufactured goods	168.27	197.72	152.77	156.00	186.43	159.31
- Traded goods	923.44	788.70	708.62	695.41	598.13	848.28
Stock-in-trade	-	-	-	132.04	149.88	217.82
<b>Total</b>	<b>1,320.78</b>	<b>1,144.60</b>	<b>1,008.95</b>	<b>1,137.78</b>	<b>1,140.48</b>	<b>1,430.33</b>

**Notes:**

- (a) Refer Note 1(III)(f) of Annexure V for mode of valuation
- (b) Traded goods include finished goods of footwear and accessories.
- (c) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.
- (d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXII - RESTATED STATEMENT OF TRADE RECEIVABLES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>						
Secured, considered good	10.33	9.27	7.22	6.65	8.44	4.41
Unsecured, considered good	15.33	16.27	4.57	5.78	1.33	16.70
Unsecured, considered doubtful	17.08	17.38	15.15	12.65	13.37	10.71
	42.74	42.92	<b>26.94</b>	<b>25.08</b>	<b>23.14</b>	<b>31.82</b>
Less: Provision for doubtful debts	17.08	17.38	15.15	12.65	13.37	10.71
	<b>25.66</b>	<b>25.54</b>	<b>11.79</b>	<b>12.43</b>	<b>9.77</b>	<b>21.11</b>
<b>Other trade receivables</b>						
Secured, considered good	48.03	50.14	35.95	31.27	40.97	39.42
Unsecured, considered good (Refer Note a)	849.92	696.00	300.81	197.20	520.11	159.09
Unsecured, considered doubtful	0.23	0.34	0.27	-	-	0.16
	898.18	746.48	<b>337.03</b>	<b>228.47</b>	<b>561.08</b>	<b>198.67</b>
Less: Provision for doubtful debts	0.23	0.34	0.27	-	-	0.16
	<b>897.95</b>	<b>746.14</b>	<b>336.76</b>	<b>228.47</b>	<b>561.08</b>	<b>198.51</b>
<b>Total (A+B)</b>	<b>923.61</b>	<b>771.68</b>	<b>348.55</b>	<b>240.90</b>	<b>570.85</b>	<b>219.62</b>

**Notes:**

(a) Debts due from firms in which any director is a partner

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
K M Khadim & Co.	0.02 <b>0.02</b>	0.01 <b>0.01</b>	0.31 <b>0.31</b>	0.04 <b>0.04</b>	0.86 <b>0.86</b>	0.04 <b>0.04</b>

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXIII - RESTATED STATEMENT OF CASH AND BANK BALANCES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Cash and Cash Equivalents</b>						
Cash on hand	9.90	7.74	7.74	6.10	9.07	11.61
Cheques/drafts on hand	-	-	1.09	3.63	0.02	3.61
Balances with banks						
On Current Accounts	354.61	10.81	72.98	23.96	1.80	2.07
On Fixed deposits [Refer Note (a)]	-	-	2.00	-	-	-
	<b>364.51</b>	<b>18.55</b>	<b>83.81</b>	<b>33.69</b>	<b>10.89</b>	<b>17.29</b>
<b>Other bank balances</b>						
On Dividend Accounts	0.00	0.00	0.00	0.00	0.00	0.00
On Margin Accounts	-	-	-	0.19	0.09	0.78
On Fixed Deposits [Refer Note (a)]						
- Against guarantees and letter of credit	57.27	52.99	27.93	9.17	4.77	22.39
- As security with Sales Tax Authorities	0.33	0.33	0.30	0.28	0.26	0.24
- Pledged against bank overdraft	91.47	91.39	82.17	81.08	298.54	59.12
- Other fixed deposits	3.16	3.11	-	-	-	-
	<b>(B) 152.23</b>	<b>147.82</b>	<b>110.40</b>	<b>90.72</b>	<b>303.66</b>	<b>82.53</b>
<b>Total (A+B)</b>	<b>516.74</b>	<b>166.37</b>	<b>194.21</b>	<b>124.41</b>	<b>314.55</b>	<b>99.82</b>

**Notes:**

(a) Represents deposits with original maturity of more than 3 months and includes deposits with remaining maturity of more than 12 months from the balance sheet date - 30 June 2017: Rs.52.62 millions; 31 March 2017: Rs.49.93 millions; 31 March 2016: Rs.1.62 millions; 31 March 2015: Rs.43.15 millions; 31 March 2014: Rs.3.10 millions; 31 March 2013: Rs.0.40 millions

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXIV - RESTATED STATEMENT OF SHORT-TERM LOANS AND ADVANCES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Unsecured, Considered Good</b>						
Advance to Suppliers:						
Trade advances to related parties [Refer Note (a)]	-	-	0.06	0.16	0.26	65.41
Other trade advances	14.89	31.37	11.07	9.87	7.46	7.17
Others:						
Employee Advances	2.57	1.10	1.47	0.80	1.00	1.14
Advance to Government Authorities	166.64	147.66	110.88	79.94	59.20	52.59
Prepaid expenses	52.64	31.51	24.49	21.76	23.36	20.46
Gratuity	2.51	2.78	2.41	0.75	-	-
Others (advance against expenses)	0.11	0.17	0.05	0.12	0.06	0.11
<b>Unsecured, Considered Doubtful</b>						
Advance to Suppliers (other trade advances)	-	-	-	0.72	0.72	0.72
Less : Provision for Doubtful Advances	-	-	-	(0.72)	(0.72)	(0.72)
<b>Total</b>	<b>239.36</b>	<b>214.59</b>	<b>150.43</b>	<b>113.40</b>	<b>91.34</b>	<b>146.88</b>

**Notes:**

(a) Following are the amounts due from related parties

Particulars	Relationship	As at					
		30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
St. Mary's Clinic & Drug Stores	Enterprises over which KMP and their relatives have substantial interest	-	-	0.06	0.16	0.26	0.34
Moviewallah Communications Pvt.Ltd.	Enterprises over which KMP and their relatives have substantial interest	-	-	-	-	-	65.07

(b) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXV - RESTATED STATEMENT OF OTHER CURRENT ASSETS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Unsecured, Considered Good</b>						
Interest Receivable	6.77	4.58	7.38	2.30	1.67	0.75
Fixed assets held for sale	136.47	136.47	52.49	52.49	52.49	51.47
Government Grant Receivable	0.50	0.50	3.12	3.62	7.85	2.62
Others (Accrued export incentive, etc.)	0.98	0.96	0.73	2.45	1.60	2.76
<b>Total</b>	<b>144.72</b>	<b>142.51</b>	<b>63.72</b>	<b>60.86</b>	<b>63.61</b>	<b>57.60</b>

(a) The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company.

(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXVI - RESTATED STATEMENT OF REVENUE FROM OPERATIONS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Sale of products [Refer Note (a)]						
- Finished Goods	512.11	1,590.52	1,151.82	762.00	650.09	624.97
- Traded Goods	1,254.95	4,559.04	4,143.11	3,799.73	4,109.49	3,607.22
<b>Other operating revenues</b>						
Sale of packing materials	13.56	47.74	44.40	37.39	38.85	12.21
Scrap Sales	4.10	18.09	9.78	16.27	5.88	4.08
Export incentive (Duty drawback, etc.)	0.71	1.91	2.02	3.01	3.44	5.12
<b>REVENUE FROM OPERATIONS (gross)</b>	<b>1,785.43</b>	<b>6,217.30</b>	<b>5,351.13</b>	<b>4,618.40</b>	<b>4,807.75</b>	<b>4,253.60</b>
Less: Excise duty	1.10	4.81	5.92	16.82	26.35	23.27
<b>Revenue from operations (net)</b>	<b>1,784.33</b>	<b>6,212.49</b>	<b>5,345.21</b>	<b>4,601.58</b>	<b>4,781.40</b>	<b>4,230.33</b>

**Notes:**

(a) Details of sale of products

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Finished Goods</b>						
Footwear and accessories	512.11	1,590.52	1,151.82	762.00	650.09	624.97
	<b>512.11</b>	<b>1,590.52</b>	<b>1,151.82</b>	<b>762.00</b>	<b>650.09</b>	<b>624.97</b>
<b>Traded Goods</b>						
Footwear and accessories	1,254.95	4,559.04	3,966.16	3,314.16	3,549.51	3,072.87
Large Format Retail - Apparels	-	-	-	82.21	91.82	96.63
Large Format Retail - Other than Apparels	-	-	-	19.07	30.19	35.96
Gold Jewellery	-	-	176.95	384.29	437.97	401.76
	<b>1,254.95</b>	<b>4,559.04</b>	<b>4,143.11</b>	<b>3,799.73</b>	<b>4,109.49</b>	<b>3,607.22</b>
<b>Revenue from sale of products</b>	<b>1,767.06</b>	<b>6,149.56</b>	<b>5,294.93</b>	<b>4,561.73</b>	<b>4,759.58</b>	<b>4,232.19</b>

(b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXVII - RESTATED STATEMENT OF OTHER INCOME**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended						Recurring/ Non-recurring	Related/Non related to business activities
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013		
Interest :								
- On deposits with Banks	2.50	9.39	10.20	6.87	16.96	8.18	Recurring	Related
- On deposits with others	-	0.18	0.17	0.18	0.25	0.21	Recurring	Related
- On Income Tax Refunds	-	2.00	-	-	0.09	0.06	Non recurring	Not related
Dividend Income from Investments	-	-	0.02	-	1.01	-	Non recurring	Not related
Gain on Sale of Non-Current Investments	-	0.11	-	-	-	-	Non recurring	Not related
Gain on Sale of Current Investments	-	1.69	-	6.98	8.45	6.00	Non recurring	Not related
<b>Other non-operating income:</b>								
Net gain on foreign currency transactions	0.72	1.88	0.16	3.11	10.30	-	Non recurring	Related
Profit on sale of fixed assets (net)	0.88	-	-	18.24	-	-	Non recurring	Not related
Royalty	-	0.01	0.30	0.04	0.02	0.04	Recurring	Related
Government Grant received	0.33	1.11	5.07	2.86	-	3.40	Non recurring	Related
Insurance Claim	1.49	2.60	0.64	4.69	1.30	1.66	Non recurring	Related
Liabilities/Provisions no longer required written back	0.71	3.48	2.63	6.98	1.78	2.73	Non recurring	Related
Rent income	3.78	14.85	13.65	1.74	3.15	2.79	Recurring	Related
Miscellaneous Income	2.89	5.68	10.25	3.77	5.81	1.79	Non recurring	Related
<b>Total</b>	<b>13.30</b>	<b>42.98</b>	<b>43.09</b>	<b>55.46</b>	<b>49.12</b>	<b>26.86</b>		

**Notes:**

- (a) The classification of other income as recurring/ non-recurring and related/not related to business activity is based on the current operations and business activity of the Company as determined by the management.
- (b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.
- (c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXVIII - RESTATED STATEMENT OF COST OF MATERIALS CONSUMED**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Inventory at the beginning of the quarter/year	108.25	92.00	88.58	128.80	124.06	91.61
Add: Purchases (Net)	387.28	1,067.21	765.21	571.79	508.29	575.42
Less: Inventory at the end of the quarter/year	495.53	1,159.21	853.79	700.59	632.35	667.03
<b>Total</b>	<b>329.87</b>	<b>1,050.96</b>	<b>761.79</b>	<b>612.01</b>	<b>503.55</b>	<b>542.97</b>

**(a) Details of Materials (Including Components and packing materials ) consumed:**

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Indigenous</b>						
PVC Compound	36.88	167.71	158.51	89.85	141.37	182.85
%	11%	16%	21%	15%	28%	34%
Packing materials	72.89	243.69	202.90	184.92	134.86	94.59
%	22%	23%	27%	30%	27%	17%
EVA Compound (Injected)	3.68	21.71	16.77	13.62	41.38	36.47
%	1%	2%	2%	2%	8%	7%
Leather	2.88	13.11	20.26	20.82	18.50	23.04
%	1%	1%	3%	3%	4%	4%
Natural rubber	43.46	114.41	62.32	37.72	37.19	37.82
%	13%	11%	8%	6%	7%	7%
EVA Compound (Compressed)	18.66	56.10	47.26	53.77	52.83	24.76
%	6%	5%	6%	9%	10%	5%
PU Compound	7.24	16.30	0.40	-	-	-
%	2%	2%	0%	-	-	-
Others	79.40	268.95	190.72	177.37	77.42	143.44
%	24%	26%	25%	29%	16%	26%
<b>Imported</b>						
EVA Compound (Compressed)	36.86	112.68	62.65	33.94	-	-
%	11%	11%	8%	6%	-	-
PVC Compound	27.92	36.28	-	-	-	-
%	9%	3%	-	-	-	-
<b>Total</b>	<b>329.87</b>	<b>1,050.96</b>	<b>761.79</b>	<b>612.01</b>	<b>503.55</b>	<b>542.97</b>
<b>Total%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXIX - RESTATED STATEMENT OF PURCHASE OF STOCK-IN-TRADE**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Footwear and accessories	860.32	2,782.98	2,436.79	2,125.66	2,151.84	2,043.48
Large Format Retail - Apparels	-	-	-	18.74	56.57	65.21
Large Format Retail - Other than Apparels	-	-	-	22.03	21.08	26.59
Gold and Jewellery	-	-	30.33	382.11	334.03	367.20
<b>Total</b>	<b>860.32</b>	<b>2,782.98</b>	<b>2,467.12</b>	<b>2,548.54</b>	<b>2,563.52</b>	<b>2,502.48</b>

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.  
 (b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXX - RESTATED STATEMENT OF CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended				
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014
<b>Inventories at the end of the quarter/year (A)</b>					
Stock-in-trade	-	-	-	132.04	149.88
Work - in - progress (footwear)	63.41	49.93	55.56	65.75	77.24
Finished goods	1,091.70	986.42	861.39	851.41	1,004.56
	1,155.11	1,036.35	916.95	1,049.20	1,231.68
<b>Inventories at the beginning of the quarter/year (B)</b>					
Stock-in-trade	-	-	132.04	149.88	217.82
Work - in - progress (footwear)	49.93	55.56	65.75	77.24	80.86
Finished goods [Refer Note (a)]	986.42	861.39	851.41	784.56	1,007.59
	1,036.35	916.95	1,049.20	1,011.68	1,306.27
(Increase)/Decrease in inventories	(118.76)	(119.40)	132.25	(37.52)	74.59
Increase/(Decrease) in excise duty on inventories	(0.35)	(0.36)	(1.56)	0.66	(0.95)
<b>Total</b>	<b>(119.11)</b>	<b>(119.76)</b>	<b>130.69</b>	<b>(36.86)</b>	<b>73.64</b>
<b>Details of inventory</b>					
Finished Goods					
- Manufactured goods	168.27	197.72	152.77	156.00	186.43
- Traded goods	923.44	788.70	708.62	695.41	818.13
<b>Total</b>	<b>1,091.70</b>	<b>986.42</b>	<b>861.39</b>	<b>851.41</b>	<b>1,004.56</b>
					1,007.59

**Notes:**

- (a) Inventories at the beginning of the year ended 31 March 2015 is net off diminution in value of inventories amounting to Rs.220 millions [Refer Note (b) of Annexure XVIII]  
 (b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.  
 (c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXI - RESTATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Salaries and wages	135.98	490.74	403.39	410.33	375.09	326.03
Contribution to Provident and other funds	7.57	15.86	15.05	15.49	16.03	13.49
Staff Welfare Expenses	11.88	45.28	34.39	34.89	30.39	24.03
<b>Total</b>	<b>155.43</b>	<b>551.88</b>	<b>452.83</b>	<b>460.71</b>	<b>421.51</b>	<b>363.55</b>

**Notes:**

(a) Amounts recognised, in the Statement of Profit and Loss as expenses under defined contribution plans.

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Employer's Contribution to Provident Fund	3.41	13.36	11.97	13.65	12.04	10.44
<b>Total</b>	<b>3.41</b>	<b>13.36</b>	<b>11.97</b>	<b>13.65</b>	<b>12.04</b>	<b>10.44</b>

(b) The employees' gratuity fund scheme is managed by Life Insurance Corporation Of India (LICI) as a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method , which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in same manner as gratuity and managed by SBI Life Insurance Company Limited.

(c) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXI - RESTATED STATEMENT OF EMPLOYEE BENEFITS EXPENSE (CONTINUED)**

(e) Reconciliation of Opening and Closing Balances of the Present Value of Defined Benefit Obligation and Planned Assets as below :

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Gratuity (Funded)						Leave Encashment (Funded)					
	As at						As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I. Components of Employer Expense</b>												
a. Current Service cost	0.87	3.15	2.71	2.75	3.73	1.98	1.11	3.75	1.55	2.51	3.26	1.81
b. Interest cost	0.57	2.21	2.16	2.26	1.94	1.26	0.20	0.81	0.85	1.31	1.36	0.83
c. Expected return on plan assets	(0.67)	(2.41)	(2.28)	(2.21)	(1.81)	(1.52)	(0.11)	(0.33)	(0.24)	(0.12)	(0.07)	(0.02)
d. Net Actuarial (gain) / loss recognised during the quarter/year	3.39	(0.45)	0.50	(0.97)	0.13	1.33	1.33	0.40	1.74	(5.70)	4.35	3.69
e. <b>Total expenses recognised in the Statement of Profit and Loss</b>	<b>4.16</b>	<b>2.50</b>	<b>3.09</b>	<b>1.83</b>	<b>3.99</b>	<b>3.05</b>	<b>2.53</b>	<b>4.63</b>	<b>3.90</b>	<b>(2.00)</b>	<b>8.90</b>	<b>6.31</b>
The Gratuity expenses have been recognised in "Contribution to Provident and other Funds" and Leave Encashment in "Salaries, Wages and Bonus"												
<b>II. Actual Returns</b>	<b>0.60</b>	<b>2.25</b>	<b>2.57</b>	<b>2.21</b>	<b>1.79</b>	<b>1.52</b>	<b>0.09</b>	<b>0.34</b>	<b>0.23</b>	<b>0.12</b>	<b>0.05</b>	<b>0.02</b>
<b>III. Net Asset/ (Liability) recognized in the Balance Sheet</b>												
a. Present value of obligations at the end of the quarter/year	34.48	31.42	27.72	26.04	24.23	18.88	12.33	11.40	10.10	11.12	18.09	12.10
b. Fair value of plan assets at the end of the quarter/year	36.99	34.20	30.13	26.79	22.41	17.81	6.61	4.55	4.21	1.67	1.05	0.40
c. Funded Status [Surplus/(Deficit)]	2.51	2.78	2.41	0.75	(1.83)	(1.07)	(5.72)	(6.85)	(5.90)	(9.44)	(17.04)	(11.70)
<b>d. Net Asset/(Liability) recognised in the Balance Sheet</b>	<b>2.51</b>	<b>2.78</b>	<b>2.41</b>	<b>0.75</b>	<b>(1.83)</b>	<b>(1.07)</b>	<b>(5.72)</b>	<b>(6.85)</b>	<b>(5.90)</b>	<b>(9.44)</b>	<b>(17.04)</b>	<b>(11.70)</b>
- Current	2.51	2.78	2.41	0.75	(1.30)	-	(0.80)	(0.79)	(0.81)	(1.15)	(0.09)	-
- Non-Current	-	-	-	-	(0.53)	(1.07)	(4.92)	(6.06)	(5.08)	(8.29)	(16.95)	(11.70)
<b>IV. Changes in present value of Defined Benefit Obligations (DBO)</b>												
a. Present value of obligations at the beginning of the quarter/year	31.42	27.72	26.04	24.23	18.88	15.69	11.40	10.10	11.12	18.09	12.10	8.65
b. Interest Cost	0.57	2.21	2.16	2.26	1.94	1.26	0.20	0.81	0.85	1.31	1.36	0.83
c. Current Service Cost	0.87	3.15	2.71	2.75	3.73	1.98	1.11	3.75	1.55	2.51	3.26	1.81
d. Benefits paid	(1.69)	(1.05)	(3.97)	(2.24)	(0.43)	(1.38)	(1.69)	(3.67)	(5.15)	(5.10)	(2.96)	(2.85)
e. Actuarial (gain)/loss on obligations	3.31	(0.61)	0.79	(0.97)	0.11	1.33	1.31	0.41	1.74	(5.70)	4.33	3.67
f. <b>Present value of Obligations at the end of the quarter/year</b>	<b>34.48</b>	<b>31.42</b>	<b>27.73</b>	<b>26.03</b>	<b>24.23</b>	<b>18.88</b>	<b>12.33</b>	<b>11.40</b>	<b>10.11</b>	<b>11.12</b>	<b>18.09</b>	<b>12.11</b>
<b>V. Best estimate of Employers' expected contribution for the next year</b>	<b>2.70</b>	<b>5.07</b>	<b>4.75</b>	<b>5.29</b>	<b>5.73</b>	NA*	<b>2.07</b>	<b>5.24</b>	<b>3.10</b>	<b>5.04</b>	<b>5.10</b>	<b>2.97</b>
<b>VI. Change in the fair value of plan assets</b>												
a. Fair value of plan assets at the beginning of the quarter/year	34.20	30.13	26.79	22.41	17.81	14.85	4.55	4.21	1.67	1.05	0.40	-
b. Expected return on plan assets	0.67	2.41	2.28	2.21	1.81	1.52	0.11	0.33	0.24	0.12	0.07	0.02
c. Actual company contributions	3.89	2.88	4.74	4.41	3.23	2.82	3.65	3.67	7.45	5.60	3.56	3.25
d. Benefits paid	(1.69)	(1.05)	(3.97)	(2.24)	(0.43)	(1.38)	(1.68)	(3.67)	(5.15)	(5.10)	(2.96)	(2.85)
e. Actuarial gain/(loss) on plan assets	(0.08)	(0.18)	0.29	0.00	(0.02)	-	(0.02)	0.01	(0.00)	0.00	(0.02)	(0.02)
f. <b>Fair value of plan assets at the end of the quarter/year</b>	<b>36.99</b>	<b>34.20</b>	<b>30.13</b>	<b>26.79</b>	<b>22.40</b>	<b>17.81</b>	<b>6.61</b>	<b>4.55</b>	<b>4.21</b>	<b>1.67</b>	<b>1.05</b>	<b>0.40</b>
<b>VII. Actuarial Assumptions</b>												
a. Discount Rate (%)	7.50%	7.50%	8.00%	8.00%	8.25%	8.00%	7.50%	7.50%	8.00%	8.00%	8.25%	8.25%
b. Expected rate of return on Plan Assets	7.50%	7.50%	8.00%	9.00%	9.00%	9.25%	7.50%	7.50%	8.00%	9.00%	9.00%	0.00%
c. Salary Escalation	5.00%	5.00%	5.00%	5.00%	10.00%	5.00%	5.00%	5.00%	5.00%	5.00%	10.00%	10.00%
d. Mortality												
Indian Assured Lives Mortality (2006-08) ultimate							Indian Assured Lives Mortality (2006-08) ultimate					
The estimates of rate of escalation in salary considered in actuarial valuation take into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.												

VIII. Major Category of Plan Assets as a % of the Total Plan Assets	% invested											
	Gratuity - Funds managed by Insurer (LICI in Group Gratuity Scheme)	Leave Encashment - Funds managed by Insurer (SBI Life Insurance Company Limited)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
In the absence of detailed information regarding plan assets which is funded with Insurance Companies, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.												
<b>IX. Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)</b>												
Present value of DBO	34.48	31.42	27.72	26.04	24.23	18.88	12.33	11.40	10.10	11.12	18.09	12.10
Fair value of plan assets	36.99	34.20	30.13	26.79	22.41	17.81	6.61	4.55	4.21	1.67	1.05	0.40
Funded status [Surplus / (Deficit)]	2.51	2.78	2.41	0.75	(1.83)	(1.07)	(5.72)	(6.85)	(5.90)	(9.44)	(17.04)	(11.70)
Experience gain / (loss) adjustments on plan liabilities*	-	(1.74)	-	(0.78)	0.11	-	(0.70)	-	(0.36)	4.33	3.67	
Experience gain / (loss) adjustments on plan assets*	(0.08)	(0.16)	0.29	0.00	(0.02)	-	0.02	(0.01)	0.00	(0.00)	(0.02)	(0.02)

\* Information provided to the extent the same is available with the Company.

**Khadim India Limited**

**ANNEXURE XXXII - RESTATED STATEMENT OF FINANCE COSTS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Interest Expense [Refer note (a)]	30.00	123.18	129.90	167.42	224.07	212.88
Other borrowing costs	2.60	11.45	15.60	24.73	32.01	30.16
<b>Total</b>	<b>32.60</b>	<b>134.63</b>	<b>145.50</b>	<b>192.15</b>	<b>256.08</b>	<b>243.04</b>

**Notes:**

(a) Interest debited to Statement of Profit and Loss is net of interest on fixed loans capitalised during the quarter/year:

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Interest on fixed loans capitalised	-	-	-	-	-	9.93
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9.93</b>

(b) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXIII - RESTATED STATEMENT OF OTHER EXPENSES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Consumption of Stores	0.83	1.41	0.95	1.13	0.55	0.32
Rent	58.49	198.97	174.69	164.19	126.93	105.10
Rates and Taxes	9.08	31.13	26.22	25.08	25.47	20.03
Bank Charges	2.70	12.07	11.52	9.87	11.82	11.17
Insurance	4.75	18.59	14.79	14.71	15.27	13.92
Repairs:						
Buildings	0.02	2.11	1.12	3.06	3.69	2.45
Plant and Machinery	2.16	8.15	6.95	6.34	7.41	6.97
Other	24.02	87.59	72.04	76.84	70.39	57.69
Travelling and Conveyance Expenses	13.72	47.66	41.93	39.69	31.04	28.90
Stationery and Printing	1.07	4.62	3.77	2.68	2.95	2.45
Postage, Telephone and other Communication Expenses	14.60	48.56	27.91	21.07	20.11	17.50
Advertising, Marketing and Sales Promotion Expenses	89.22	228.18	179.85	172.18	114.14	96.44
Power and Fuel	35.35	114.53	97.92	95.32	89.65	83.02
Freight Charges, Transport and Delivery	55.99	175.56	131.82	125.55	97.57	91.29
Jobwork and Hallmarking Charges	36.42	115.28	74.87	19.62	20.77	26.18
Professional Fees	11.29	48.37	46.15	45.84	37.78	24.56
Commission and Discount	21.92	93.22	56.97	19.22	6.49	5.95
Legal Expenses	0.03	0.09	0.06	0.12	0.38	0.15
Loss on Exchange (Net)	-	-	-	-	-	0.87
Debts/Advances written off	1.31	4.20	1.14	-	0.18	0.49
Loss on sale/discard of Assets - Net	-	9.08	5.69	-	4.56	8.65
Provision for doubtful debts, advances and other assets	0.01	3.27	3.58	2.24	3.27	2.12
Provision for diminution in value of Long term investments	-	-	-	-	-	0.14
Security Hire Charges	4.03	16.78	14.61	19.44	19.62	17.08
Miscellaneous Expenses [Refer Note (a)]	4.23	19.29	14.73	15.56	13.56	11.82
<b>Total</b>	<b>391.24</b>	<b>1,288.71</b>	<b>1,009.28</b>	<b>879.75</b>	<b>723.60</b>	<b>635.26</b>
<b>Notes:</b>						
(a) Miscellaneous Expenses include :						
Amount paid /payable to Auditors (excluding service tax)						
- Statutory Audit	-	1.30	1.30	1.20	1.10	0.80
- Tax Audit	-	0.30	0.30	0.30	0.20	0.20
- Other matters	-	0.03	0.03	0.22	-	0.05
- Out of pocket expenses	-	0.17	0.19	0.06	-	-
<b>Total</b>	<b>-</b>	<b>1.80</b>	<b>1.82</b>	<b>1.78</b>	<b>1.30</b>	<b>1.05</b>

(b) The Company has entered into operating Lease arrangements primarily for various commercial premises / retail outlets and distribution centres. Some of the significant terms and conditions are :

- These leasing arrangements which are not non - cancellable range between 11 months and 40 years generally, or longer, and are usually renewable by mutual consent on mutually agreeable terms.

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Rent in respect of the above charged to Statement of Profit and Loss in "Other Expenses".	58.49	198.97	174.69	164.19	126.93	105.10

(c) The figures disclosed above are based on the restated summary statement of profit and loss of the Company.

(d) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXIV - RESTATED STATEMENT OF ACCOUNTING RATIOS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars		As at					
		30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Basic earnings per share [Refer Note (a)(i) below]	A/C	4.11 *	17.78	14.59	(11.98)	10.01	1.84
Diluted earnings per share [Refer Note (a)(ii) below]	A/D	4.11 *	17.78	14.59	(10.79)	5.27	1.84
Return on net worth [Refer Note (a)(iii) below]	A/B	0.04 *	0.17	0.16	(0.14)	0.16	0.09
Net asset value per equity share [Refer Note (a)(iv) below]	B/E	111.14	107.04	89.26	74.66	60.83	21.35
Net profit/(loss) after tax, as restated, attributable to equity shareholders	A	71.05	307.56	252.44	(186.57)	121.47	89.15
Net worth at the end of the quarter/year	B	1,922.62	1,851.57	1,544.01	1,291.57	738.16	1,036.49
Weighted average number of equity shares outstanding during the quarter/year, used for Basic earnings per share	C	1,72,98,531	1,72,98,531	1,72,98,531	1,55,72,718	1,21,35,238	4,85,40,952
<b>Effect of dilution:</b>							
Compulsory convertible debentures	D	-	-	-	17,25,813	1,09,33,764	-
Weighted average number of equity shares outstanding during the quarter/year, used for Diluted earnings per share	E	1,72,98,531	1,72,98,531	1,72,98,531	1,72,98,531	2,30,69,002	4,85,40,952
Face value per share [Refer Note (b) below]		10.00	10.00	10.00	10.00	10.00	10.00
Total number of shares outstanding at the end of the quarter/year		1,72,98,531	1,72,98,531	1,72,98,531	1,72,98,531	1,21,35,238	4,85,40,952

\* Not annualized

**Notes:**

(a) Ratios have been computed as per the following formulas :

(i) Basic earnings per share (Rs.)

$$= \frac{\text{Net Profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the quarter/year}}$$

(ii) Diluted earnings per share (Rs.)

$$= \frac{\text{Net Profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Weighted average number of diluted equity shares outstanding during the quarter/year}}$$

(iii) Return of net worth (%)

$$= \frac{\text{Net Profit/(loss) after tax, as restated, attributable to equity shareholders}}{\text{Net worth at the end of the quarter/year}}$$

(iv) Net asset value per equity share (Rs.)

$$= \frac{\text{Net worth at the end of the quarter/year}}{\text{Total number of equity shares outstanding at the end of quarter/year}}$$

(b) Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. As required by AS 20, if the number of equity or potential equity shares outstanding increases as a result of a bonus issue or share split or decreases as a result of a reverse share split (consolidation of shares) the calculation of basic and diluted earnings per share should be adjusted for all the periods presented.

As stated in Note (b) of Annexure VI 'Share Capital', the following events has taken place with a corresponding impact on computation of earning per share.

- The number of shares during the year ended 31 March 2014, has increased on account of issue of bonus shares. Accordingly, the bonus shares have been considered while computing the basic and diluted earnings per share for the year ended 31 March 2013.

- The number of shares during the year ended 31 March 2014, has increased on account of share split. Further during the year ended 31 March 2015, the number of shares has decreased as a result of a reverse share split (consolidation of shares). The denomination of the share subsequent to the said reverse share split has been considered while computing the basic and diluted earnings per share for all the respective years.

(c) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account

(d) The figures disclosed above are based on the Restated Summary Statements.

**Khadim India Limited**

**ANNEXURE XXXV - CAPITALISATION STATEMENT AS AT 30 JUNE 2017**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	Pre-issue as at 30 June 2017	As adjusted for issue
<b>Debt</b>		
I. Short term borrowings	1,367.31	[□]
II. Long term borrowings	28.13	[□]
<b>III. Total borrowings (I+II)</b>	<b>1,395.44</b>	[□]
<b>Shareholders' funds</b>		
Share capital	172.99	[□]
Reserves and surplus, as restated		
Capital reserve	231.92	[□]
Securities premium account	761.16	[□]
Surplus in the statement of profit and loss	756.55	[□]
<b>IV. Total Shareholders' funds</b>	<b>1,922.62</b>	[□]
<b>Long term debt equity (III/IV)</b>	0.01	[□]
<b>Total Debt/Equity (III/IV)</b>	0.73	[□]

**Notes:**

(a) Long term debt / equity has been computed as =

Long term borrowings

Total shareholders' funds

(b) Total debt / equity has been computed as

Total borrowings

Total shareholders' funds

(c) Short term borrowings represents borrowings due within 12 months from the balance sheet date.

(d) Long term borrowings represents borrowings due after 12 months from the balance sheet date and also includes current maturities of long term borrowings.

(e) The figures disclosed above are based on the restated summary statement of assets and liabilities and profits and losses of the Company.

(f) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XX.

| [□] Post issue capitalisation will be determined after finalization of issue price.

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
I. Profit/(loss) before tax, as restated	108.36	407.06	258.21	(191.05)	182.95	135.18
II. Tax rate	34.61%	34.61%	33.06%	33.99%	32.45%	32.45%
III. Tax thereon at above rates (I*II)	37.50	140.87	85.37	(64.94)	59.36	43.86
<b>IV. Permanent differences</b>						
Disallowance u/s 40(a) - wealth tax	-	-	0.06	0.04	0.04	0.04
Amount debited to Rates & Taxes on account of amortisation of shop cost	0.55	2.39	2.90	-	-	-
Donation	-	-	-	0.49	0.44	0.19
Interest u/s 201(1A)/ 206C(7)	0.09	0.03	0.04	0.01	-	-
(Profit)/Loss on sale of fixed assets	(0.88)	9.08	5.69	(18.24)	4.56	8.65
Disallowance u/s 14A	-	-	0.00	-	-	-
Provision for Corporate Social Responsibility	-	1.52	0.82	-	-	-
Expenditure on account of penalty	0.00	0.01	0.74	1.75	0.02	0.17
Government grant treated as reduction from block of fixed assets	(0.33)	(1.11)	(1.12)	(2.86)	-	(3.40)
Profit from sale of investments	-	(1.80)	-	-	-	(6.00)
Rent Received separately chargeable under House Property	-	-	-	-	(1.68)	(1.44)
Provision for diminution in value of investments	-	-	-	-	(0.14)	0.14
Expenditure incurred on house property	-	-	-	-	0.22	0.21
Amount inadmissible u/s 36(1)(va) read with s. 2(24)(x)	-	-	-	-	-	0.01
Fees for increase in authorised share capital	-	-	-	-	1.75	-
Foreign exchange gain in relation to acquisition of fixed assets	-	(0.16)	(0.24)	(0.05)	(0.13)	(0.25)
Dividend Income from Investments	-	-	(0.02)	-	(1.01)	-
<b>Total permanent differences</b>	<b>(0.57)</b>	<b>9.96</b>	<b>8.87</b>	<b>(18.86)</b>	<b>4.07</b>	<b>(1.68)</b>
<b>V. Timing differences</b>						
Difference between book depreciation and tax depreciation	2.02	1.87	10.73	44.92	(45.68)	(63.94)
Provisions for Doubtful Debts, Advances and other assets	0.01	3.27	3.58	2.24	3.27	2.12
Provision for slow moving inventory	3.20	13.00	8.50	(18.75)	10.80	21.40
Provision for Gratuity	-	-	-	-	0.76	0.23
Provision for leave encashment	(1.13)	0.96	(3.55)	-	5.34	3.06
Provision for doubtful debts/advances written back	(0.43)	(0.96)	(1.81)	(2.96)	(0.76)	(2.18)
Stamp duty & registration cost for building/properties acquired on lease	-	-	-	-	(4.09)	(0.47)
Carried forward losses	-	-	-	184.47	-	-
Amount disallowed in earlier years under section 43B, allowed on payment basis	-	-	(0.12)	-	-	0.00
<b>Total timing differences</b>	<b>3.67</b>	<b>18.14</b>	<b>17.33</b>	<b>209.92</b>	<b>(30.36)</b>	<b>(39.78)</b>
VI. Total adjustments (IV+V)	3.10	28.10	26.20	191.06	(26.29)	(41.46)
VII. Tax on adjustments (II*VI)	1.08	9.72	8.66	64.94	(8.53)	(13.45)
VIII. Tax for the quarter/year (III+VII)	38.58	150.60	94.03	-	50.83	30.41
IX. Tax adjustment on account of brought forward business loss and unabsorbed depreciation	-	-	(86.01)	-	-	-
X. Adjustment for tax related to house property income/capital gains	-	0.04	-	-	0.36	0.31
XI. Normal Tax Provision (VIII+IX+X)	38.58	150.64	8.02	-	51.19	30.72
XII. Tax liability under MAT	23.74	90.15	50.00	-	-	31.75
XIII. Tax provision (higher of XI or XII)	38.58	150.64	50.00	-	51.19	31.75
XIV. MAT credit entitlement/adjustment	-	-	(41.98)	-	(0.63)	-
XV. Tax liability after MAT credit adjustment (XIII+XIV)	38.58	150.64	8.02	-	50.56	31.75
XVI. Income tax/Fringe benefits tax in respect of earlier years	-	(44.76)	3.79	0.63	1.07	1.37
XVII. Provision for tax (XV+XVI)	38.58	105.88	11.81	0.63	51.63	33.12
XVIII. Deferred tax (credit)/charge for the quarter/year	(1.27)	(6.38)	(6.04)	(5.11)	9.85	12.91
XIX. Tax for the quarter/year (XVII+XVIII)	37.31	99.50	5.77	(4.48)	61.48	46.03
<b>XIX. As per restated statement of profit and loss</b>						
Current tax	38.58	105.88	11.81	0.63	51.63	33.12
Deferred Tax	(1.27)	(6.38)	(6.04)	(5.11)	9.85	12.91
<b>Total tax expense as per restated statement of profit and loss</b>	<b>37.31</b>	<b>99.50</b>	<b>5.77</b>	<b>(4.48)</b>	<b>61.48</b>	<b>46.03</b>

**Notes:**

(a) The aforesaid Statement of Tax Shelter has been prepared as per the restated summary statement of assets and liabilities and profits and losses of the Company.

(b) Tax rate includes applicable surcharge, education cess and secondary and higher education cess for the respective year concerned.

(c) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXVII - RESTATED STATEMENT OF DIVIDEND DECLARED AND PAID**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Issued number of shares	1,72,98,531	1,72,98,531	1,72,98,531	1,72,98,531	4,85,40,952	1,21,35,238
Face value per share (Rs.)	10.00	10.00	10.00	10.00	2.50	10.00
Rate of dividend	-	-	-	-	-	10.00%
Amount of dividend per share (Rs.)	-	-	-	-	-	1.00
Total amount of dividend	-	-	-	-	-	12.14
Total dividend tax	-	-	-	-	-	2.06

**Notes:**

- (a) The figures disclosed above are based on the restated summary statement of assets and liabilities and profits and losses of the Company.  
(b) The above statement should be read with the notes to restated summary statement of assets and liabilities, profits and losses and cashflows as appearing in Annexure IV , V and XXXVIII.

**Khadim India Limited**

**ANNEXURE XXXVIII - NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS**

**1. CONTINGENT LIABILITIES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>Claims not acknowledged as debts :</b>						
Sales Tax Matters under dispute	11.30	10.82	17.95	13.04	4.17	2.49
Income Tax Matters under dispute	1.11	1.11	1.11	1.21	1.21	2.51
Service Tax matters under dispute	0.15	0.15	0.15	0.15	0.15	0.15
Excise Duty matters under dispute	0.19	0.19	2.25	2.25	2.25	2.25
Others	-	-	-	-	-	6.75

**Note:**

(a) The claims disputed by the Company as above relate to issues of applicability and classification and it is not practicable for the Company to estimate the closure of these issues and the consequential timings of cash flows, if any, in respect of the above.

**2. CAPITAL COMMITMENT**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Estimated amount of contracts remaining to be executed (net of advances)	2.79	3.57	4.70	2.93	5.43	17.32

**3. SEGMENT REPORTING**

The Company is/was primarily engaged in the business of Manufacturing / Retail business of Footwear, Leather Accessories, Gold Jewellery and other Lifestyle/ Household consumer goods catering predominantly to the domestic market and therefore, according to the management, this is a 'Single Segment' Company, as envisaged in the Accounting Standard (AS) 17-Segment Reporting.

## 4. RELATED PARTY DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 ON "RELATED PARTY DISCLOSURES"

## 4a. Names of related parties and related party relationships

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Ultimate Holding Company	Knightsville Private Limited					
Key Management Personnel (KMP)	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director (till 30 April 2017) Mrs.Ishani Ray, Chief Financial Officer Mr. Abhijit Dan, Company Secretary and Head Legal	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director Mrs.Ishani Ray, Chief Financial Officer Mr. Abhijit Dan, Company Secretary and Head Legal	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director Mrs.Ishani Ray, Chief Financial Officer Mr. Abhijit Dan, Company Secretary and Head Legal (w.e.f. from 4 May 2015)	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director Mrs.Ishani Ray, Chief Financial Officer Mr. Joydev Sengupta, Company Secretary and Head Legal (till 31 March 2015)	Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director Mrs.Ishani Ray, Chief Financial Officer Mr. Joydev Sengupta, Company Secretary and Head Legal (till 31 March 2015)	Mr. Satya Prasad Roy Burman (Chairman) [Resigned from the post w.e.f 20 November 2012] Mr. Siddhartha Roy Burman - Chairman and Managing Director Mrs. Tanushree Roy Burman - Wholetime Director (w.e.f 15 December 2012) Mrs.Ishani Ray, Chief Financial Officer Mr. Joydev Sengupta, Company Secretary and Head Legal Mr. Suman Barman Roy, Chief Executive Officer
Enterprises over which KMP and their Relatives have substantial interest	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited	Khadim Financial Services Private Limited Khadim Development Company Private Limited Khadim Enterprises K.M.Khadim & Co. St.Mary's Clinic & Drug Stores Sheila Departmental Stores Private Limited Bee Tee Enterprise Moviewallah Communications Private Limited
Relatives of KMP	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)	Mrs. Namita Roy Burman (Mother of Mr.Siddhartha Roy Burman) Mr. Ritoban Roy Burman (Son of Mr.Siddhartha Roy Burman) Mr. Ritick Roy Burman (Son of Mr.Siddhartha Roy Burman)

## 4. RELATED PARTY DISCLOSURE IN ACCORDANCE WITH THE ACCOUNTING STANDARD 18 ON "RELATED PARTY DISCLOSURES"

## 4b. Particulars of transactions during the quarter/year

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	For the quarter/year ended					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
<b>I) Ultimate Holding Company</b>						
a) Unsecured loan received	-	-	-	-	-	5.00
b) Unsecured loan repaid (including accrued interest)	-	-	-	-	22.80	-
c) Interest paid	-	-	-	-	1.14	2.79
d) Quarter/Year - end Balance	-	-	-	-	-	(22.80)
<b>II) Key Management Personnel</b>						
a) Remuneration						
- Siddhartha Roy Burman	6.00	27.35	20.41	18.33	20.68	15.73
- Tanusree Roy Burman	0.17	2.35	2.15	2.19	2.28	0.53
- Satya Prasad Roy Burman	-	-	-	-	-	6.46
- Suman Barman Roy	-	-	-	5.47	5.26	4.81
- Ishani Ray	1.30	4.92	4.19	4.18	3.90	3.52
- Abhijit Dan	0.53	2.02	1.69	-	-	-
- Joydev Sengupta	-	-	-	2.38	2.03	1.86
	<b>8.00</b>	<b>36.64</b>	<b>28.44</b>	<b>32.55</b>	<b>34.15</b>	<b>32.91</b>
b) Rent paid to:						
- Siddhartha Roy Burman	0.03	0.06	0.06	0.06	0.06	0.12
c) Paid towards Immovable Property to:						
- Siddhartha Roy Burman	-	-	-	-	-	0.80
d) Quarter/Year - end Balance						
- Siddhartha Roy Burman	-	(2.66)	(0.01)	(0.01)	(2.77)	(2.50)
- Tanusree Roy Burman	(0.17)	-	-	-	(0.11)	(0.15)
<b>Total quarter/year end balances</b>	<b>(0.17)</b>	<b>(2.66)</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(2.88)</b>	<b>(2.65)</b>
<b>III) Enterprises over which KMP and their relatives have substantial interest</b>						
a) Advances given / refunded to parties:						
- Moviewallah Communications Pvt.Ltd.	-	-	-	2.13	-	26.32
- Khadim Development Co Pvt Ltd	-	-	-	-	12.25	6.79
- Khadim Financial Services Pvt Ltd	-	-	-	-	-	1.50
- K M Khadim & Co.	-	-	-	-	-	16.00
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.13</b>	<b>12.25</b>	<b>50.61</b>
b) Advances received from / refunded by parties:						
- Moviewallah Communications Pvt.Ltd.	-	-	-	2.13	65.07	1.20
- Khadim Development Co Pvt Ltd	-	-	-	-	71.29	-
- Khadim Financial Services Pvt Ltd	-	-	-	-	-	1.50
- K M Khadim & Co.	-	-	-	-	-	16.00
	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.13</b>	<b>136.36</b>	<b>18.70</b>
c) Unsecured loan repaid (including accrued interest)						
- Sheila Departmental Stores Pvt Ltd	-	-	-	-	2.00	5.00
d) Paid towards Immovable Property to:						
- Khadim Development Co Pvt Ltd	-	-	-	-	-	5.15
e) Unsecured loan received from:						
- Sheila Departmental Stores Pvt Ltd	-	-	-	-	-	2.00
f) Royalty received from:						
- K M Khadim & Co.	-	0.01	0.30	0.04	0.02	0.04
g) Rent paid to:						
- Khadim Development Co Pvt Ltd	0.29	0.64	0.64	0.64	0.64	1.23
h) Sales to:						
- K M Khadim & Co.	-	-	-	2.42	0.77	-
i) Advertisement cost paid to:						
- Moviewallah Communications Pvt.Ltd.	-	-	-	3.75	-	-
j) Interest paid to:						
- Sheila Departmental Stores Pvt Ltd	-	-	-	-	0.32	0.67
k) Rent received from:						
- K M Khadim & Co.	0.01	0.01	-	-	-	-
l) Commission paid to:						
- Khadim Enterprises	0.08	0.34	0.33	0.30	-	0.24
- Bee Tee Enterprises	0.17	0.73	0.75	0.67	-	0.69
- Sheila Departmental Stores Pvt Ltd	0.17	0.67	0.67	0.64	-	0.57
- St. Mary's Clinic & Drug Stores	0.03	0.12	0.12	0.12	-	0.08
	<b>0.45</b>	<b>1.86</b>	<b>1.87</b>	<b>1.73</b>	-	<b>1.58</b>
m) Quarter/Year - end Balance						
- Khadim Enterprises	(0.30)	(0.32)	(0.62)	(0.52)	(0.19)	(0.39)
- Bee Tee Enterprises	(0.43)	(0.42)	(1.66)	(1.54)	(0.94)	(1.32)
- Sheila Departmental Stores Pvt Ltd	(2.37)	(2.34)	(1.83)	(1.52)	(0.36)	(3.86)
- St. Mary's Clinic & Drug Stores	(0.02)	(0.03)	0.06	0.16	0.35	0.34
- Khadim Development Co Pvt Ltd	-	(0.05)	(0.05)	(0.05)	(0.05)	59.04
- Moviewallah Communications Pvt.Ltd.	-	-	-	-	-	65.07
- K M Khadim & Co.	0.02	0.01	0.31	0.04	0.86	0.04
<b>Total quarter/year end balances</b>	<b>(3.10)</b>	<b>(3.15)</b>	<b>(3.78)</b>	<b>(3.43)</b>	<b>(0.33)</b>	<b>118.92</b>
<b>IV) Relatives of Key Management Personnel</b>						
a) Remuneration	0.62	3.48	3.25	3.13	3.71	2.06
b) Advances Given	-	-	-	-	60.00	30.00
c) Quarter/Year - end Balance (Net)	-	-	-	-	-	139.80

**Khadim India Limited**

**ANNEXURE XXXVIII - NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS (CONTINUED)**

**5. VALUE OF IMPORTED AND INDIGENOUS CONSUMPTION OF STORES**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Imported	-	-	-	-	-	-
%	-	-	-	-	-	-
Indigenous	0.83	1.41	0.95	1.13	0.55	0.32
%	100%	100%	100%	100%	100%	100%
<b>Total</b>	<b>0.83</b>	<b>1.41</b>	<b>0.95</b>	<b>1.13</b>	<b>0.55</b>	<b>0.32</b>
<b>Total %</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**6. CIF VALUE OF IMPORTS**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Raw materials	57.43	155.71	68.01	42.68	0.57	0.07
Finished Footwear	74.33	83.49	94.67	181.74	201.35	177.00
Capital Goods	27.16	41.79	35.78	12.59	38.78	46.48
<b>Total</b>	<b>158.92</b>	<b>280.99</b>	<b>198.46</b>	<b>237.01</b>	<b>240.70</b>	<b>223.55</b>

**7. EXPENDITURE IN FOREIGN CURRENCY**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Travelling	0.22	1.03	0.87	0.99	1.37	2.07
Interest on foreign currency loans	-	-	0.35	1.35	0.24	16.06
Others	0.40	3.04				
<b>Total</b>	<b>0.62</b>	<b>4.07</b>	<b>1.22</b>	<b>2.34</b>	<b>1.61</b>	<b>18.13</b>

**8. EARNINGS IN FOREIGN EXCHANGE**

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Export of goods calculated on FOB basis	7.69	20.22	18.68	25.05	28.56	38.27
<b>Total</b>	<b>7.69</b>	<b>20.22</b>	<b>18.68</b>	<b>25.05</b>	<b>28.56</b>	<b>38.27</b>

**Khadim India Limited**

**ANNEXURE XXXVIII - NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS (CONTINUED)**

**9. FOREIGN EXCHANGE CONTRACTS**

The Company uses forward exchange contracts to hedge its exposures in foreign currency.

**(a) OUTSTANDING FOREIGN EXCHANGE CONTRACTS ENTERED INTO BY THE COMPANY**

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Currency	USD	USD	USD	USD	-	USD
Amount as at the end of the quarter/year	0.42	0.51	0.17	1.84	-	146.23
Buy/Sell	Buy	Buy	Buy	Buy	-	Buy
Cross currency	Rupees	Rupees	Rupees	Rupees	-	Rupees

**(b) The quarter/year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:**

Particulars	As at					
	30 June 2017	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Receivable:						
- INR	12.30	25.60	8.33	6.15	11.18	11.36
- USD	0.19	0.39	0.13	0.10	0.19	0.21
Receivable:						
- INR	1.16	-	-	0.69	-	-
- Euro	0.02	-	-	0.01	-	-
Receivable:						
- INR	1.19	-	-	-	-	-
- GBP	0.01	-	-	-	-	-
Payable:						
- INR	47.57	16.21	31.17	15.30	0.97	73.42
- USD	0.73	0.25	0.47	0.24	0.02	1.34

**Khadim India Limited****ANNEXURE XXXVIII - NOTES TO RESTATED SUMMARY STATEMENTS OF ASSETS AND LIABILITIES, PROFITS AND LOSSES AND CASH FLOWS (CONTINUED)**

10. In the opinion of the Directors, there is no impairment on assets as at the end of the quarter/years.

11. Miscellaneous Expenses included in "Annexure XXXIII - Other Expenses" includes expenditure incurred under Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) activities represents contributions for promoting health care - Nil (31 March 2017: Rs.1.52 millions; 31 March 2016: Rs.0.82 millions)

12. Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, during the year ended 31 March 2015, the Company fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on 1 April, 2014, and adjusted an amount of Rs. 34.66 millions (net of deferred tax of Rs. 17.12 millions) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus. The depreciation expense in the Statement of Profit and Loss for the year ended 31 March 2015 is higher by Rs. 85.01 millions consequent to the change in the useful life of the assets.

13. During the financial year 2008-09, two minority shareholders related to promoter group had filed a petition under Section 397 and 398 of the Companies Act, 1956 being C.P. (KOL) 4 of 2009, before the Hon'ble Company Law Board, Kolkata Bench, New Delhi ("the CLB") against the Company, the Promoters and their Relatives and Group Companies. The CLB vide its Order dated 24 July 2009, confirmed a Terms of Settlement entered into between the petitioners and the Respondents whereby

- I. any one or more of the Respondents were to pay to the petitioners a sum of Rs.180 millions within a period of 5 years and 4 months effective from 13 May, 2009; and
- II. the Company was required to transfer one of its land measuring 8 Cottahs 15 Chittacks 9 Sq.ft situated at 49A Leela Roy Sarani (formerly Gariahat Road), Kolkata – 700019 ("the said Land"), free of all encumbrances to the petitioner or his legal heir or any other person nominated by him.

Accordingly, the first instalment of Rs.30 millions was paid to the petitioners on 11 September 2009 by the Company. Thereupon, on 12 May 2010, a deed of conveyance (the Deed) was executed between the Company and the Nominee of the Petitioners for the transfer and handing over of the physical possession of the said Land.

The total amount of Rs.113.33 millions (Rs.30.00 millions paid in 2009-10, Rs.23.33 millions paid in 2010-11, Rs.30.00 millions paid in 2011-12 and Rs.30.00 millions paid in 2012-13) paid to the petitioners till 31st March 2013, the value of land amounting to Rs.20.49 millions as per the books of Account and development expenditure incurred on such land amounting to Rs.5.98 millions had together been shown as "On account payment to Minority Shareholders (in cash/in kind)" under Long Term Loans and Advances.

During the year ended 31 March 2014, the Company paid the final instalment of Rs. 60.00 millions and debited the same in 'Minority Shareholders in cash or in kind' and adjusted the same towards Scheme of Arrangement for Reduction of Share Capital as explained below.

The Board of Directors of the Company at its meeting dated 30 October, 2013 had proposed a Scheme of Arrangement for Reduction of Share Capital ("Scheme") under Sections 100, 101, 102 and 103 of the Companies Act, 1956 for Reduction of Share Capital. The Scheme was approved by Members of the Company by Special Resolution passed at their Extra-ordinary General Meeting held on 30th October, 2013 and confirmed by the Hon'ble Calcutta High Court on 14th March, 2014. Pursuant to such approval by the Members of the Company and confirmation by the Hon'ble Calcutta High Court, the Company reduced its issued, subscribed and paid up equity share capital from Rs 485.41 millions divided into 48,540,952 number of Equity Shares of Rs. 10 each fully paid up to Rs. 121.35 millions divided into 48,540,952 equity shares of Rs. 2.50 each fully paid [Refer Note (b)(ii) of Annexure VI] and reduced its Securities Premium Account by Rs.55.74 millions [Refer Note (b)(ii) of Annexure VI] adjusting with Diminution in value of inventory' amounting to Rs.220.00 millions [Refer Note (b)(ii) of Annexure VI] and Payments to minority shareholders Account' amounting to Rs.199.80 millions.

Subsequently, the Company obtained a 'Certificate of Registration of order confirming Reduction of Capital' from the Registrar of Companies dated 27th June, 2014 on submission of the said Scheme.

Had the amounts pertaining to the 'Diminution in value of inventory' and the 'Payments to minority shareholders Account' been accounted for as per the Generally Accepted Accounting Principles of India, the profit for the year ended 31st March 2014 would have been reduced by Rs. 419.80 millions (including Rs. 139.80 millions for Prior Periods). 'Reserves and Surplus' would have been reduced by Rs. 364.06 millions and Share Capital would have been higher by Rs. 364.06 millions.

14. Disclosure in respect of specified bank notes (SBN) are as follows-

(All amounts in Millions Rupees except for share data or as otherwise stated)

Particulars	SBNs	Other denomination notes	Total
<b>Closing cash in hand as on 8th November, 2016</b>	7.70	0.85	8.55
(+) Permitted receipts	-	196.94	196.94
(+) Other than permitted receipts*	2.10	-	2.10
(-) Permitted payments	-	26.65	26.65
(-) Other than permitted payments	-	-	-
(-) Amount deposited in Banks	9.80	161.06	170.86
<b>Closing cash in hand as on 30th December, 2016</b>	-	10.08	10.08

\*Mistakenly accepted from customers at different retail outlets.

For and on behalf of Board of Directors

Siddhartha Roy Burman  
Chairman and Managing Director

Dr.Indra Nath Chatterjee  
Independent Director

Ishani Ray  
Chief Financial Officer

Abhijit Dan  
Company Secretary & Head - Legal

### CAPITALISATION STATEMENT

Particulars	As at June 30, 2017 (as adjusted for the Offer)*
<b>Debt</b>	
I. Short term borrowings	[●]
II. Long term borrowings	[●]
<b>III. Total borrowings (I +II)</b>	[●]
<b>Shareholders' funds</b>	
Share capital	[●]
Reserves and surplus, as restated	
Capital reserve	[●]
Securities premium account	[●]
Surplus in the statement of profit and loss	[●]
<b>IV. Total Shareholders' funds</b>	[●]
<b>Long term debt equity (II/IV)</b>	[●]
<b>Total Debt/Equity (III/IV)</b>	[●]

\*To be updated upon finalisation of the Offer Price.

## STATEMENT OF RECONCILIATION BETWEEN IND AS AND INDIAN GAAP

Statement of reconciliation of total comprehensive income under Ind AS and net profit after tax under Indian GAAP for the quarter ended June 30, 2017 and year ended March 31, 2017:

			(in ₹ million)	
Sl.	Particulars	Note	For the three months ended 30 June 2017	Year ended 31 March 2017
	<b>Profit After Tax under previous GAAP</b>		<b>71.05</b>	<b>307.56</b>
1	Impact of measuring investments at Fair Value through Profit or Loss	(i)	0.54	-0.39
2	Remeasurement of defined benefit obligation recognised in Other Comprehensive Income	(ii)	4.72	-0.04
3	Impact of measuring financial assets at amortised cost	(iii)	-0.30	-0.88
4	Tax effect of above (1-3)	(iv)	-1.62	0.39
	<b>Profit After Tax under Ind AS</b>		<b>74.39</b>	<b>306.64</b>
	Other Comprehensive Income (net of tax)	(ii)	-3.08	0.03
	<b>Total Comprehensive Income under Ind AS</b>		<b>71.31</b>	<b>306.67</b>

Statement of reconciliation of equity under Ind AS and Indian GAAP as on June 30, 2017, March 31, 2017 and April 1, 2016:

			(in ₹ million)		
Sl.	Particulars	Note	As at 30 June 2017	As at 31 March 2017	As at 1st April 2016
	<b>Total equity as per previous GAAP</b>		<b>1,922.62</b>	<b>1,851.56</b>	<b>1,544.00</b>
1	Impact of measuring investments at Fair Value through Profit or Loss	(i)	0.54	0.00	0.39
2	Impact of measuring financial assets at amortised cost	(iii)	-18.59	-18.29	-17.41
3	Tax effect of above (1-2)	(iv)	6.34	6.33	5.95
	<b>Total equity as per Ind AS</b>		<b>1,910.91</b>	<b>1,839.60</b>	<b>1,532.93</b>

Notes:

- (i) Under the previous GAAP, investments in mutual funds were classified as non-current investments or current investments based on the intended holding period and realisability. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are measured at fair value through profit or loss.
- (ii) Under the previous GAAP, actuarial gains / losses, arising in respect of employee benefit schemes were recognized in the statement of profit and loss. Under Ind AS, the actuarial gains and losses forming part of re-measurement of net defined benefit liability / asset is recognized in other comprehensive income in the respective periods.
- (iii) Under the previous GAAP, long term interest free security deposits to landlords given against operating lease are recorded at their transaction value. Under Ind AS, such financial assets have been accounted at fair value at date of transition and subsequently measured at amortised cost using the effective interest rate method.
- (iv) Consequent to Ind AS adoption there are deferred tax adjustment on account of differences between previous GAAP and Ind AS.

## FINANCIAL INDEBTEDNESS

As on August 31, 2017, the outstanding secured borrowings of our Company is ₹ 1,491.55 million.

The details of indebtedness of our Company as on August 31, 2017 are provided below:

Category of borrowing	Sanctioned amount (in ₹ million)	Outstanding amount (in ₹ million)
<b>Banks</b>		
<b>Fund based<sup>(1)</sup></b>		
Term loan <sup>(2)</sup>	65.60	28.13
Working capital facilities <sup>(3)</sup>	1,860.00	1,286.97
<b>Total borrowings (A)</b>		<b>1,315.10</b>
<b>Non fund based</b>		
Bank guarantees	40.00	60.97 <sup>(4)</sup>
Letter of credit	200.00	115.48
Derivatives	5.00	Nil
<b>Total borrowings (B)</b>		<b>176.45</b>
<b>Total (A+B)</b>		<b>1,491.55</b>

<sup>(1)</sup>All the fund based borrowings of our Company are secured.

<sup>(2)</sup>Our Company has drawdown the entire facility sanctioned by the respective lenders.

<sup>(3)</sup>Our working capital facilities include certain fund based facilities.

<sup>(4)</sup>Our outstanding bank guarantees exceed the sanctioned amount on account of bank guarantees being availed in excess of the sanctioned amount by pledging 100% cash margin.

For details in relation to financial indebtedness of our Company, see “Financial Statements” on page 160.

### Principal terms of the borrowings availed by our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by us.

1. **Interest:** In terms of the term loan and fund based working capital facilities availed by us, the interest rate is typically linked to the base rate of the lender and ranges from 8.75% to 13.55% per annum. Typically, the non-fund based working capital facilities are availed in consideration of a commission, which depends on the nature of the non-fund based facility.
2. **Prepayment Penalty:** The term loan availed by our Company from Axis Bank carries a pre-payment penalty of 2% on the pre-paid amount. The working capital facility availed from Kotak Mahindra Bank carries a pre-payment penalty of 3% on the pre-paid amount, however no prepayment charges are applicable if the prepayment is made from internal accruals, proceeds from the initial public offering, private equity investment or fresh capital infusion by Promoters.
3. **Penal Interest:** The terms of facilities availed by our Company prescribe penalties for delayed payment or default in the repayment obligations of our Company, delay in creation of the stipulated security or certain specified obligations, which typically range from 1% to 2% of the outstanding amount.
4. **Validity/Tenor:** The tenor of the term loan availed by us is five years and tenor of the working capital facilities is typically one year, with an option of renewal every year (with the short term loan facilities availed by us having a tenor ranging from 120 days to 360 days).
5. **Security:** In terms of our borrowings where security needs to be created, we are typically required to:
  - a) Create a *pari passu* charge by way of hypothecation on our Company’s movable plants and machinery, office equipments, furniture and fixture, vehicles inventory, receivables and all other current assets, both present and future.
  - b) Create charge by way of mortgage on our Company’s both present and future movable fixed assets and immovable assets;
  - c) Guarantees from our Promoters, being (i) Siddhartha Roy Burman, and (ii) Knightsville Private Limited, towards sanctioned facilities availed by the Company aggregating to (i) ₹

5,159.70 million, and (ii) ₹ 4,202.20 million, respectively, as at August 31, 2017. Our Promoter Siddhartha Roy Burman, has provided guarantees to State Bank of India, HDFC Bank, ICICI Bank, YES Bank, Axis Bank, State Bank of Hyderabad, Small Industries Development Bank of India, Kotak Mahindra Bank Limited and SBICAP Trustee Company Limited, aggregating to ₹ 5,159.70 million with respect to the borrowings availed by our Company. These guarantees are valid for the duration of such borrowings. In case of default, our Promoter shall be liable to pay;

- d) Corporate guarantee from KDCPL; and
- e) Personal guarantee from Tanusree Roy Burman.

Owing to the fact that charge over properties of Company in favour of the lenders are mostly common, such securities are created on a pari-passu basis in favour of the lenders in different ranks.

- 6.** **Repayment:** The working capital facilities are typically repayable on demand. The term loan is repayable in 20 equal quarterly instalments commencing from June 25, 2013.

**7. Key Covenants:**

In terms of the borrowing arrangement for the facilities availed by us certain corporate actions for which our Company requires prior written consent of the lenders include:

- a) to effect any change in the capital structure and shareholding;
- b) to effect any change in our management set-up;
- c) to formulate any scheme of amalgamation, merger, compromise or reconstruction;
- d) to amend our constitutional documents;
- e) to invest by way of share capital in or lend or advance to or place deposits with any other concern;
- f) to undertake any new project or implement any scheme of expansion or acquire fixed assets;
- g) to create any charge, lien or encumbrance over our undertaking or any part thereof in favour of any financial institution or otherwise;
- h) to change the practise with regard to the remuneration of our Directors;
- i) to pay commission to our Promoters, Directors, managers or other persons for furnishing guarantee or indemnity or for undertaking any other liability in connection with any financial assistance obtained by our Company;
- j) to repay monies brought in by the Promoters/ Directors/ principal shareholders by way of deposits or otherwise;
- k) to undertake guarantee obligations on behalf of any third party;
- l) to undertake any trading activity other than the sale of products arising out of its own manufacturing operation; and
- m) to change in shareholding of certain shareholders including our Promoter
- n) restriction with respect to further borrowings by our Company; and
- o) restriction from declaring or paying any dividend or authorizing or making any distribution to the shareholders unless all dues to the lenders in respect of the outstanding facilities have been repaid or proposed to be paid.

**8. Events of Default:**

In terms of our borrowing arrangement for the facilities availed by us, the occurrence of any of the following, among others, constitute as events of default:

- a) upon any substantial change in the constitution or management of our Company without the previous written consent of the respective lenders;
- b) upon the failure in our business or our Company going into liquidation, amalgamation or reconstruction except with the prior written approval of the lender;
- c) upon happening of any circumstances or event which would or is likely to prejudicially or adversely affect in any manner the capacity of our Company to repay the loan;
- d) failure to create security as provider under the term loan;
- e) all or substantially all of the undertaking, assets or properties of our Company or the interest therein are seized, nationalized, expropriated or compulsorily acquired by the authority of the Government; or

- f) upon any attachment, distress, execution or other process against our Company, or enforcement of any of the securities
- g) Breach of any representations, warranty or undertaking furnished by our Company under the loan documentation;
- h) utilisation of the borrowings availed by our Company for any purpose other than as sanctioned;
- i) deterioration of the credit worthiness of our Company;
- j) non-payment or default of any amounts including the principal, interest or other charges due by our Company to the lender; and
- k) breach of the financial covenants specified in the loan documentation.

Our Company is required to ensure that none of the aforementioned events of default and other events of default, as specified under the various loan documentation entered into by our Company for the purpose of availing of loans, is triggered.

**9. *Consequences of occurrence of events of default:***

In terms of our borrowing arrangement for the facilities availed by us, the following, among others, are the consequences of occurrence of events of default, our lenders may:

- a) suspend any withdrawal from in the loan account;
- b) take possession or enforcement of the security so created, whether by the lender itself or through any of the recovery agents or attorneys as may be appointed by the lender;
- c) shall have the right to recover the entire dues of the loan under the respective facilities;
- d) declare all amount outstanding to become payable immediately under the respective facilities;
- e) adjust and set-off all monies belonging to our Company in any account with the lender, towards payment of the default amount; and
- f) take over and carry on the business of our Company and complete any engagements and contracts of our Company.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Financial Statements included in this Red Herring Prospectus, prepared in accordance with the Companies Act, Indian GAAP and the SEBI Regulations, including the schedules, annexures and notes thereto and the reports thereon, included in the section "Financial Statements" beginning on page 160. Unless otherwise stated, financial information used in this section is derived from the Restated Financial Statements.*

*Indian GAAP differs in certain material respects from Ind AS, U.S. GAAP and IFRS. We have not attempted to quantify the impact of Ind AS, U.S. GAAP or IFRS on the financial data included in this Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to Ind AS, U.S. GAAP or IFRS. Accordingly, the degree to which the Restated Financial Statements included in this Red Herring Prospectus will provide meaningful is entirely dependent on the reader's level of familiarity with Indian accounting practices presently applicable to the Company.*

*This discussion contains certain forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections "Forward Looking Statements" and "Risk Factors" on pages 13 and 14, respectively.*

*In this section, unless the context otherwise requires, a reference to "we", "us", "our" or "the Company" is a reference to our Company.*

### **Overview**

Our Company is one of the leading footwear brands in India, with a two-pronged focus on retail and distribution of footwear. We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the 'Khadim's' brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (Source: Technopak Report)

Our core business objective is 'Fashion for Everyone', and we believe that our Company has established an identity as an 'affordable fashion' brand, catering to the entire family for all occasions. As at June 30, 2017 and March 31, 2017, we operated 853 and 829 'Khadim's' branded exclusive retail stores across 23 states and one union territory in India, respectively, through our retail business vertical. Further, we had a network of 377 and 357 distributors in the three month period ended June 30, 2017 and fiscal 2017, respectively, in our distribution business vertical.

Our Company was incorporated in 1981, and through the next several years, our Company was involved in wholesaling and distribution of branded basic utility footwear, and we had forayed into the retail business in 1993.

Our Company operates through two distinct business verticals, retail and distribution, each with its predominantly own customer base, sale channels and product range. Our retail business operates through our exclusive retail stores catering to middle and upper middle income consumers in metros (including mini-metros) and Tier I – Tier III cities, who primarily shop in high street stores and malls, for fashionable products. Our distribution business operates through a wide network of distributors catering to lower and middle income consumers in metros and Tier I – Tier III cities, who primarily shop in MBO for functional products. We are also engaged in the business of institutional sales and export of footwear.

Our Company is led by our Promoter, Chairman and Managing Director, Siddhartha Roy Burman. With 34 years of experience of working with the Company, Siddhartha Roy Burman has been instrumental in the growth of our business. Our corporate Promoter is Knightsville Private Limited.

### **Our Business Verticals**

Our Company operates through two distinct business verticals, retail and distribution, each with its own customer base, sale channels and product range. Our retail business operates through our exclusive retail stores

catering to middle and upper middle income consumers in metros, Tier I – Tier III cities, who primarily shop in high street stores and malls. Our distribution business operates through a wide network of distributors, who distribute our products to MBOs and target middle income customers in metros, Tier I – Tier III cities. For the three month period ended June 30, 2017, our revenue, net of discount and taxes from our retail and distribution businesses, respectively, was ₹ 1,249.43 million and ₹ 483.83 million, contributing towards 70.02% and 27.12% respectively, of our net revenue. For fiscal 2017, our revenue, net of discount and taxes from our retail and distribution businesses, respectively, was ₹ 4,564.95 million and ₹ 1,347.05 million, contributing towards 73.48% and 21.68% respectively, of our net revenue.

Our revenue from operations (gross) was ₹ 1,785.43 million (net revenue from operations was ₹ 1,784.33 million), ₹ 6,217.30 million (net revenue from operations was ₹ 6,212.49 million), ₹ 5,351.13 million (net revenue from operations was ₹ 5,345.21 million) and ₹ 4,618.40 million (net revenue from operations was ₹ 4,601.58 million) in the three month period ended June 30, 2017 and fiscals 2017, 2016 and 2015 respectively. We recorded a restated profit after tax of ₹ 71.05 million, ₹ 307.56 million and ₹ 252.44 million in the three month period ended June 30, 2017 and fiscals 2017 and 2016, respectively, and a restated loss after tax of ₹ 186.57 million in fiscal 2015.

**Contribution of revenue from retail and distribution operations as a % of net footwear revenue is mentioned below:**

Region	For the three month period ended June 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Retail	70.02%	73.48%	77.81%	80.71%
Distribution	27.12%	21.68%	19.20%	16.22%
Others*	2.86%	4.84%	2.99%	3.07%
<b>Total Footwear Revenue**</b>	100.00%	100.00%	100.00%	100.00%

\*Others include institutional sales, e-commerce sales, export sales and sale of packing materials.

\*\*does not include revenue from Sona and Super Stores in FY 14-15 and Jewellery in FY 15-16

## Factors Affecting Our Results of Operations

### Retail

#### ***Number and location of our exclusive retail stores and expansion of our network***

Our exclusive retail stores (COOs and franchisees) contributed 73.48% of our net revenue in fiscal 2017 and 70.02% in the three month period ended June 30, 2017.

As such, our overall financial performance and results of operations are largely dependent on the number of exclusive retail stores that we operate and their locations.

As at June 30, 2017 and March 31, 2017, we had a wide network of 853 and exclusive retail stores across 23 States and one Union Territory in India, respectively. We are the second largest footwear retailer in India in terms of number of exclusive retail stores operating under the ‘Khadim’s’ brand, with the largest presence in East India and one of the top three players in South India, in fiscal 2016. We also had the largest footwear retail franchisee network in India in fiscal 2016. (*Source: Technopak Report*) We believe that we have been able to successfully replicate our business model in South India which, coupled with our brand positioning, has enabled us to expand our market presence. Our focus has been on increasing penetration in South India, while developing a stronger presence in West India and North India. Our ability to successfully continue and manage this expansion and implement our business model will play a key role in our continued growth and profitability of our business.

The table below sets out details of our exclusive retail store network as at the end of the respective periods:

Region	As at June 30, 2017	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
North	58	55	52	43
South	150	144	128	116
East	568	557	531	504

<b>West</b>	77	73	65	59
<b>Total</b>	853	829	776	722

During the period from fiscal 2013 to the three month period ended June 30, 2017, and during fiscal 2013 to fiscal 2017 (i.e. over the last four years), we opened 317 and 289 new exclusive retail stores, respectively. The cumulative number of exclusive retail stores opened during the period from fiscal 2013 to the three month period ended June 30, 2017, and fiscal 2013 to fiscal 2017 (i.e. over the last four years) is specified below.

Zone	North	South	East	West
Cumulative number of exclusive retail stores opened during fiscal 2013 to three month period ended June 30, 2017	39	75	154	49
Cumulative number of exclusive retail stores opened during fiscal 2013 to fiscal 2017	35	68	142	44

Growth in the organised footwear retail format will be driven by increasing penetration of EBOs in Tier II, Tier III and other urban towns across India. (*Source: Technopak Report*) While we have an extensive presence across metros, Tier I, Tier II and Tier III cities and towns, we intend to replicate our model across additional geographies and continue our growth. The table below sets out the number of our exclusive retail stores across city categories in each region as at the end of the respective periods:

As at June 30, 2017				As at March 31, 2017				As at March 31, 2016				As at March 31, 2015			
Metro & Mini-metro	Tier 1	Tier 2	Tier 3/ Rest of Urban	Metro & Mini-metro	Tier 1	Tier 2	Tier 3/ Rest of Urban	Metro & Mini-metro	Tier 1	Tier 2	Tier 3/ Rest of Urban	Metro & Mini-metro	Tier 1	Tier 2	Tier 3/ Rest of Urban
159	114	127	453	150	109	124	446	136	96	112	432	128	88	105	401

We believe that the success and acceptance of our brand is demonstrated by the number of franchisee operated stores that we have been able to open across geographies. As at March 31, 2017, 667 of our 829 exclusive retail stores are operated by franchisees. Further, we were the largest retail footwear franchisee network in India in fiscal 2016. (*Source: Technopak Report*) Our ability to attract more franchisees and continue our growth across geographies depends upon the strength of our brand, product offering and rewarding business economics. Such growth in our franchisee operations will in turn enable us to grow in line with our asset light model, increasing our operating leverage and return on capital.

The table below sets out the number of our COOs and Franchises across all geographies as at the end of the respective periods:

Store format	North	South	East	West	Total
<b>As at June 30, 2017</b>					
COO	10	51	67	40	168
Franchisees (EBO, BO, FRM)	48	99	501	37	685
<b>Total</b>	<b>58</b>	<b>150</b>	<b>568</b>	<b>77</b>	<b>853</b>
<b>As at March 31, 2017</b>					
COO	10	49	65	38	162
Franchisees (EBO, BO, FRM)	45	95	492	35	667
<b>Total</b>	<b>55</b>	<b>144</b>	<b>557</b>	<b>73</b>	<b>829</b>
<b>As at March 31, 2016</b>					
COO	8	44	60	36	148
Franchisees (EBO, BO, FRM)	44	84	471	29	628
<b>Total</b>	<b>52</b>	<b>128</b>	<b>531</b>	<b>65</b>	<b>776</b>
<b>As at March 31, 2015</b>					
COO	7	45	56	34	142
Franchisees (EBO, BO, FRM)	36	71	448	25	580
<b>Total</b>	<b>43</b>	<b>116</b>	<b>504</b>	<b>59</b>	<b>722</b>

### ***Performance of our retail operations***

Given that our retail business contributes a significant proportion of our business, we monitor our retail store performance regularly (COOs and franchisees), based on certain key performance parameters. Since we sell inventory to our franchisees, we track primary sales (net of channel margins) in relation to our EBOs and BOs.

#### ***COOs and FRMs***

Parameter	Fiscal 2017	Fiscal 2016	Fiscal 2015
Stores Sale growth (%)*	14.34%	14.37%	12.37%
Revenue per store	₹ 13.71 million	₹ 13.12 million	₹ 13.19 million
Revenue per transaction	₹ 624	₹ 576	₹ 555

\*Store sales growth reflects growth of net sales of stores from year to year, Sales of both COOs and FRMs have been added together for this purpose

#### ***Franchisees (EBO +BO)***

Parameter	Fiscal 2017	Fiscal 2016	Fiscal 2015
Stores Sale growth* (%)	12.51%	30.41%	(25.45%)

\*Primary sales, store sales growth reflects growth of net sales of stores from year to year, Sales of both EBOs and BO have been added together for this purpose

As the footwear retail business is fashion oriented, we seek to constantly monitor inventory levels at our stores to cater to customers' preferences and maintain the fresh look of the products that we offer across our network. We therefore regularly monitor inventory levels at our COOs as well as at the Company level (including back up stock) in order to service our COOs and franchisees effectively, thereby helping us in improving productivity margins for each store. Certain details of our stock days for the specified periods are set out below:

Sales	Three month period ended June 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
COO Inventory days*	46	52	50	58
Total Inventory days**	67	67	69	90

\*COO Inventory/Net Turnover\*365

\*\*Total Inventory/Net Turnover\*365, Total inventory includes a) inventory at COO, b) backup stock at the warehouse in order to service our COOs, franchisees and distributors and c) WIP inventory raw material, WIP and finished goods at the factory

Further, since the quality and consistency of our primary sales to our franchisees depends on secondary sales achieved by these franchisees, we monitor inventory levels at our franchisees on a regular basis.

#### ***Efficient and effective procurement of products***

Due to the fashion oriented nature of the footwear retail business requiring lower volume per SKU, a significant portion of our products sold through our exclusive retail stores are sourced from outsourced vendors, who are able to deliver smaller quantities of premium high quality products. The portion of products procured from outsourced vendors amounted to 85.60% of our retail products in fiscal 2017. As at March 31, 2017, our top 10 outsourced vendors contributed 32.69% of our total outsourced production by value. We have rationalized our vendor base over the years and as at March 31, 2017, we had 130 outsourced vendors compared to 182 outsourced vendors as at March 31, 2013. Further, we have 107 outsourced vendors as at June 30, 2017. As at June 30, 2017, our top 10 outsourced vendors contributed 33.83% of our total outsourced production by value.

We intend to continue to source a significant portion of our products sold through our exclusive retail stores from outsourced vendors without compromising on the quality of products and without increasing our dependence significantly on any vendor. Our ability to manage cost increases on the part of such outsourced vendors effectively, will impact the continued success of our operations, along with our success in matching procurement against sales expectations. While we seek to manage our exposure in this regard by placing orders on a rotating basis for smaller lots of such outsourced products, our ability to predict demand for our products will play a key role in determining our continued profitability and results of operations.

### ***Lease rental agreements***

The majority of our retail stores are situated on leased premises, as are certain of our warehousing and production facilities. Our rent expenses for COOs, were ₹ 155.18 million, ₹ 137.54 million and ₹ 112.80 million, respectively, in fiscals 2017, 2016 and 2015, representing 6.46%, 6.46% and 5.84% of our total COO revenue during these periods.

Typically, we enter into lease arrangements of an average period of 5-10 years, and seek to include suitable provisions in such arrangements for renewal of the term of the lease. Our rent expense for a store is generally affected by the availability of a suitable location, and has been increasing in line with macro-economic trends in India. The continued availability of suitable locations and premises for our retail stores, at commercially viable terms, will directly impact our ability to expand our retail store network in accordance with our plans. Further, store profitability depends to a large extent on the rent expense of the store, as other costs are fixed in nature. Thus, rent expense plays a significant role in determining store viability.

### **Distribution business**

#### ***Expansion of reach across markets and distributors***

We had started manufacturing products including Hawai, PU, PVC and EVA in 2002, in order to complement our retail business. However, since fiscal 2015, we have further focussed on our distribution operations as a separate business vertical. During this period, we have established our presence across East and South India and have also forayed into markets in West and North India. We have a distributor network of 357 as at March 31, 2017 and 377 as of June 30, 2017. Our revenue from the distribution business has grown to ₹ 1,347.05 million in fiscal 2017 from ₹ 667.65 million in fiscal 2015, and was ₹ 483.83 million for the three month period ended June 30, 2017.

We intend to expand our operations in South India by broadening our distribution network in this region. We further intend to capitalize on our retail brand recall and target markets in West and North India by broadening our distribution network in such markets. The ability of our dedicated sales team to continue to establish and build relations in these markets and of our design team to ensure that we have the relevant products to cater to the demand in these markets will determine the growth of our distribution business.

#### ***Ability to effectively source products***

In relation to the distribution business, our initial focus since fiscal 2015 was to increase utilisation of our existing installed capacity and invest in machines and moulds at our existing manufacturing facilities. Subsequently, we have grown our distribution business, by adopting an asset light model of manufacturing, by engaging contract manufacturers, thereby restricting our investments in real property and buildings.

We intend to continue growing our distribution business through an asset light model by utilising the infrastructure and production capacity of contract manufacturers. While our contract manufacturers own and operate the factory on their premises, we are involved to the extent of strengthening their infrastructure by providing the necessary machinery and moulds to manufacture our products on a case to case basis. We intend to continue to develop new designs and would continue to control the production process, monitoring quality control and safety and provide raw materials to such contract manufacturers. Our ability to identify high-performing contract manufacturers and procure quality products from them while correctly anticipating market demands will determine the success of our asset light business model.

### **Factors affecting both business verticals**

#### ***Premiumisation of our product mix***

In relation to our retail business, apart from servicing our existing customer base, we believe our “Khadim’s” brand helps us to capture the target audience transitioning from the unorganised to organised market. Further, our various categories of sub-brands enable us to tap into a broader range of target audience, while leveraging the brand recall that “Khadims’s” has built over the years.

As we target a largely aspirational customer base, we have increased focus on our premium sub-brands, which are ‘Pro’, ‘Lazard’, ‘Softouch’, ‘Cleo’, ‘British Walker’, ‘Turk’, ‘Sharon’, ‘Bonito’ and ‘Adrianna’. Our

revenue from all our sub-brands as a percentage of retail business revenue has increased to 52.38% in fiscal 2017 from 42.76% in fiscal 2013. The change in the product mix along with reasonable price increases has led to increase in ASP. Our ASP in the three month period ended June 30, 2017 and in fiscal 2017 for our COOs was ₹441.65 and ₹451.05, respectively, as compared to ₹ 375.26 in fiscal 2013. The ASP increase, coupled with our ability to pass on cost increases, has positively impacted retail footwear business gross margins which has grown from 42.54% in fiscal 2013 to 46.89% in fiscal 2017, and to 47.14% for the three month period ended June 30, 2017.

In our distribution business, we primarily sell our products under our original “*Khadim’s*” brand. As the recall value of our retail brand increases the demand for our more premium products, we seek to upscale the product mix in this business vertical. Given the changing consumer preferences and trends towards premium products, since fiscal 2015, our Company has started introducing premiumised versions of certain of our distribution vertical product offerings, including in Hawai, PVC and PU.

Our ability to target aspirational customers and move them up the value chain, within both our distribution and retail business verticals, will impact our Company’s profitability and results of operations.

#### ***Supply chain and inventory management***

Effective supply chain and inventory management are the backbone for a retail and fashion oriented business. Any mismanagement of inventory, miscalculations on supply of the right product at the right time, the absence of desirable stock or the presence of unwanted stock can result in low customer satisfaction, which would have an adverse impact on our brand and our results of operations.

To ensure that the right product is placed in the right quantities at the right place and at the right time, we have developed a system where each product is tagged with a “norm”, depending on the product type, ASP and store classification, where such product is intended to be sold. In relation to our exclusive retail stores, this “norm” adjusts itself on the basis of actual against budgeted sales, leading to a pull based delivery to these stores, where orders placed by COOs are automated and orders placed by EBOs are based on actual sales against “norms”. This system allows us to maintain visibility over demand levels and manage our inventory and procurement against actual sales, thereby reducing situations of stock outs or dead stock.

This continuous monitoring of inventory by tracking sales at our COOs and top 100 EBOs, as well as at warehouses, enables us to ascertain inventory at these locations and identify fast and slow moving stock better, and determine SKUs to be discontinued. This also enables us to plan and budget for discounts to ensure timely inventory clearance.

#### ***Working capital management***

Our working capital management efficiency plays a key role in determining our capital efficiency and profitability across all segments of our business. As of June 30, 2017 and March 31, 2017, 2016 and 2015, we had trade payables of ₹ 1,194.64 million, ₹ 898.23 million, ₹ 568.45 million and ₹ 574.32 million, inventories of ₹ 1,320.78 million, ₹ 1,144.60 million, ₹ 1,008.95 million and ₹ 1,137.78 million, and trade receivables (current) of ₹ 923.61 million, ₹ 771.68 million, ₹ 348.55 million and ₹ 240.90 million, respectively. The increases in trade payables and trade receivables as of June 30, 2017 were primarily due to increases in stock maintained by us ahead of the festive period in India and an increase in our credit period for sales anticipated during the festive season, respectively.

Our ability to successfully manage our working capital will depend on ability to manage inventory across our COOs and warehouses and monitor inventory at our franchisees, as well as managing our debtors days and creditor days. Successfully managing our inventory will help us effectively prevent stock outs and deal with dead stock, while reducing our debtor days will improve our cash flow cycle and enable us to redeploy working capital in an efficient manner. As of June 30, 2017 and March 31, 2017, 2016 and 2015, we had debtor days of 47, 45, 24 and 19, and creditor days of 101, 88, 62 and 67, respectively.

#### ***Competition***

We believe that we are one of the few companies with a comprehensive business model encompassing footwear retail and distribution across India. With respect to our retail business, we compete with companies including Bata India Limited and Liberty Shoes Limited, among others. Further, with respect to our distribution business,

we compete with Relaxo Footwears Limited, among others.

We believe that the biggest strength of our “*Khadim’s*” brand is our product offering, which is ‘affordable fashion’ for the entire family for every occasion. Owing to our affordable fashion positioning, we are able to straddle both the retail and distribution business verticals. We cater to fashion conscious customers through our premium products in the retail segment and we are also able to leverage our brand recall to give impetus to our distribution business. This also enables us to grow seamlessly across geographies as we cater to diverse market segments, and we believe this has allowed us to replicate our brand’s success and market position in South India and penetrate markets in West India.

### **Significant Accounting Policies**

Our critical accounting estimates are those that we believe are the most important to the portrayal of our financial condition and results of operations and that require our management’s most difficult, subjective or complex judgments. In many cases, the accounting treatment of a particular transaction is specifically dedicated by applicable accounting policies with no need for the application of our judgment. In certain circumstances, however, the preparation of financial statements in conformity with applicable accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. We base our estimates on historical experience and on various other assumptions that our management believes are reasonable under the circumstances. However, critical accounting estimates are reflective of significant judgments and uncertainties and are sufficiently sensitive to result in materially different results under different assumptions and conditions. We believe that our critical accounting estimates are those described below.

#### ***Use of Estimates***

The preparation of the Financial Statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. Any revision to the accounting estimates is recognised in the periods in which the results are known/materialised.

#### ***Revenue Recognition***

- i) Items of income and expenditure are recognised on accrual basis.
- ii) Sales, net of trade discounts and taxes but inclusive of excise duty are recognised on delivery of goods/merchandise to the dealers/customers.
- iii) Revenue from displays and sponsorships are based on the period for which the products/displays are sponsored or carried out.
- iv) Income on investments is accounted for when the right to receive the payment is established.
- v) Revenue from services is recognised on rendering of services.

#### ***Fixed Assets***

- i) Fixed Assets (comprising both tangible and intangible items) are stated at cost. The cost includes the original cost of asset, freight, taxes (Net of CENVAT) and other incidental expenses relating to the acquisition and installation.
- ii) Cost of Leasehold rights of Land, including incidental charges thereto are amortised over the period of lease.
- iii) Intangible assets (Computer Software) are stated at their cost less accumulated amortisation. An Intangible asset is recognised where it is probable that the future economic benefits attributable to the asset will flow to the Company and where its costs can be reliably measured. The carrying value is reviewed at each Balance Sheet date.
- iv) Capital expenses, pending installation/commercial use and certain expenses which can be regarded as incidental and directly related to the project set up are transferred to Capital Work-in-Progress. These expenses are allocated to fixed assets in the year of installation/commencement of commercial usage.
- v) Expenditure on software development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

- vi) Impairment loss, if any, is recognised wherever the carrying amount of fixed assets of a cash generating unit exceeds its recoverable amount i.e. net selling price or value in use, whichever is higher.

### ***Depreciation***

Depreciation (including amortisation) is calculated in the following manner:

- i) Leasehold land is amortised over the period of lease.
- ii) Depreciation on other fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of certain Furniture and fixtures in whose case life of the assets has been assessed at 6 years, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.
- iii) Intangible assets are depreciated over the useful life (generally 3-5 years) on straight line basis.

### ***Investments***

Investments that are readily realisable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair-value whichever is lower. Long term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary in the value of the investments, such reduction being determined and made for each investment individually.

### ***Inventories***

Inventories are valued at cost or net realisable value, which ever is lower. For this purpose, basis of ascertainment of cost is as under:

- Raw Materials and Packing Materials: At cost on First-in-First-out basis (FIFO)
- Stock in process: Raw material cost plus conversion cost upto the stage of completion
- Finished goods: Raw-material cost and other related overhead cost inclusive of excise duty payable on clearance
- Trading goods: At landed cost plus related overhead cost, determined on FIFO basis

### ***Taxation***

Current tax in respect of taxable income is provided for the year based on applicable tax rates and laws. Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are reviewed at each balance sheet date to re-assess realisation. No deferred tax asset on unabsorbed depreciation and carry forward of losses are recognised unless there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

### ***Borrowing Costs***

Borrowing cost, if any, that are attributable to the acquisition, construction or production of “Qualifying Assets” are capitalised as part of cost of such assets. A “Qualifying Asset” is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as expenses in the period in which they are incurred.

### ***Provisions and Contingencies***

A provision is recognised when the Company has a present obligation 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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

### ***Employee Benefits***

- i) Short-term employee benefits (i.e., benefits payable within one year) are recognised in the period in which the employee services are rendered.
- ii) Contributions to provident fund and other funds in accordance with the relevant plans / schemes (Defined Contribution Schemes) are charged to Statement of Profit and Loss on accrual basis.
- iii) Gratuity is maintained as a defined benefit retirement plan and contribution is made to Life Insurance Corporation of India as per the Company's Scheme. Provision/ write back, if any, is made on the basis of the present value of the liability as at the balance sheet date as determined by actuarial valuation following projected unit credit method.
- iv) Leave encashment (Defined Benefit Scheme) is provided annually based on actuarial valuation carried out by an independent actuary using projected unit credit method as at the balance sheet date. Regular contributions are made to SBI Life Insurance Company Limited as per the Company's Scheme.

### ***Leases***

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight line basis.

### ***Principal Components of Income and Expenditure***

#### ***Income***

##### ***Revenue from operations***

We earn revenues from our main business segments as follows:

- (a) revenue from retail sales; and
- (b) revenue from distribution.

The majority of our revenue in these segments arises from sales of products, which consists primarily of sales of footwear and accessories in fiscal 2017. During earlier periods, this also included sale of gold and jewelry, which has now been discontinued. We also accrue other operating revenues from certain other sources such as sale of packing materials and scrap, while our production is liable to excise duty.

Our revenue from operations (net) consists of sale of products and other operating revenues, less excise duty.

##### ***Other income***

Other income primarily includes interest income and rental income.

#### ***Expenses***

Total expenses includes (i) cost of materials consumed; (ii) purchases of stock in trade; (iii) changes in inventories of finished goods, work in progress and stock in trade; (iv) employee benefit expenses; (iv) finance costs; (v) depreciation and amortization expenses; and (vi) other expenses.

##### ***Cost of materials consumed***

Cost of materials consumed represents the cost of the raw materials consumed, such as PVC compound, packing materials, natural rubber and imported EVA compound (compressed), in our manufacturing operations.

*Purchases of stock in trade*

Cost of purchases of stock primarily represents the direct purchases by us of final products for sale as traded goods, which is mainly through our retail channels.

*Changes in inventories of finished goods, work in progress and stock in trade*

Changes in inventories of finished goods, work in progress and stock in trade represent the difference between the opening and closing stock of finished goods (manufactured), work in progress and stock in trade (traded goods).

*Employee benefit expenses*

Employee benefit expenses include salaries and wages, contribution to provident and other statutory funds, and staff welfare expenses relating to our employees.

*Finance costs*

Finance costs primarily comprise interest expenses in relation to our outstanding indebtedness, as well as other borrowing costs.

*Other expenses*

Other expenses include rent, advertising, marketing and sales promotion expenses, freight charges, transport and delivery, repairs of building, plant and machinery and others, jobwork and hallmarking charges, commissions and discounts and power and fuel expenses.

## Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particular	For the three month period ended June 30, 2017		Fiscal					
			2017		2016		2015	
	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)
<b>Income</b>								
Revenue from Operations (Gross)	1,785.43	99.32	6,217.30	99.39	5,351.13	99.31	4,618.40	99.17
Less: Excise duty	1.10	0.06	4.81	0.08	5.92	0.11	16.82	0.36
Revenue from Operations (Net)	1,784.33	99.26	6,212.49	99.31	5,345.21	99.20	4,601.58	98.81
Other income	13.30	0.74	42.98	0.69	43.09	0.80	55.46	1.19
<b>Total Revenue</b>	<b>1,797.63</b>	<b>100.00</b>	<b>6,255.47</b>	<b>100.00</b>	<b>5,388.30</b>	<b>100.00</b>	<b>4,657.04</b>	<b>100.00</b>
<b>Expenses</b>								
Cost of materials consumed	329.87	18.35	1,050.96	16.80	761.79	14.14	612.01	13.14
Purchase of Stock-in-Trade	860.32	47.86	2,782.98	44.49	2,467.12	45.79	2,548.54	54.72
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(119.11)	(6.63)	(119.76)	(1.91)	130.69	2.43	(36.86)	(0.79)
Employee benefit expenses	155.43	8.65	551.88	8.82	452.83	8.40	460.71	9.89
Finance costs	32.60	1.81	134.63	2.15	145.50	2.70	192.15	4.13
Depreciation and amortisation expense	38.92	2.16	159.01	2.54	162.88	3.02	191.79	4.12
Other expenses	391.24	21.76	1,288.71	20.60	1,009.28	18.73	879.75	18.89

Particular	For the three month period ended June 30, 2017		Fiscal					
			2017		2016		2015	
	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)	(₹ In million)	Percentage of total revenue (%)
<b>Total Expenses</b>	<b>1,689.27</b>	93.96	<b>5,848.41</b>	<b>93.49</b>	<b>5,130.09</b>	<b>95.21</b>	<b>4,848.09</b>	<b>104.10</b>
<b>Restated profit/(loss) before tax</b>	<b>108.36</b>	6.04	<b>407.06</b>	<b>6.51</b>	<b>258.21</b>	<b>4.79</b>	<b>(191.05)</b>	<b>(4.10)</b>
<b>Tax expense</b>								
Current tax	38.58	2.15	150.63	2.41	50.00	0.93	-	-
(Less) MAT credit entitlement for earlier year	-	-	-	-	(41.98)	(0.78)	-	-
(Excess)/Short provision for tax relating to prior years	-	-	(44.75)	(0.72)	3.79	0.07	0.63	0.01
(Excess) provision for Fringe Benefit Tax relating to prior years	-	-	-	-	-	-	-	-
<b>Net current tax</b>	<b>38.58</b>	2.15	<b>105.88</b>	<b>1.69</b>	<b>11.81</b>	<b>0.22</b>	<b>0.63</b>	<b>0.01</b>
Deferred tax	(1.27)	(0.07)	(6.38)	(0.10)	(6.04)	(0.11)	(5.11)	(0.10)
<b>Net tax expenses</b>	<b>37.31</b>	2.08	<b>99.50</b>	<b>1.59</b>	<b>5.77</b>	<b>0.11</b>	<b>(4.48)</b>	<b>(0.09)</b>
Restated profit/(loss) after tax	<b>71.05</b>	3.96	<b>307.56</b>	<b>4.92</b>	<b>252.44</b>	<b>4.68</b>	<b>(186.57)</b>	<b>(4.01)</b>

### Three month period ended June 30, 2017

#### *Revenues*

Our total revenue amounted to ₹ 1,797.63 million in the three month period ended June 30, 2017, consisting mainly of revenues from sales of footwear and accessories of ₹ 1,767.06 million. Revenues from our retail business contributed ₹ 1,249.43 million, in line with the growth of our existing stores and revenue contributions from 28 new stores opened during this period, while revenues from our distribution business contributed ₹ 483.83 million, primarily arising from growth in our distribution base.

#### *Revenue from operations (net)*

Our revenue from operations (net) amounted to ₹ 1,784.33 million in the three month period ended June 30, 2017, in line with the growth in our retail and distribution businesses, as set out above.

#### *Other income*

Our other income amounted to ₹ 13.30 million in the three month period ended June 30, 2017, primarily arising from rent income, miscellaneous income and interest on deposits with banks during this period.

#### *Expenses*

##### *Cost of materials consumed*

Our cost of materials consumed amounted to ₹ 329.87 million in the three month period ended June 30, 2017, consisting primarily of costs incurred on packing materials, natural rubber, EVA compound and PVC compound during this period, primarily on account of growth of our distribution business.

##### *Purchase of stock in trade*

Our purchase of stock in trade amounted to ₹ 860.32 million in the three month period ended June 30, 2017, primarily on account of stocking ahead of the festive season in India.

##### *Changes in inventories of finished goods, work in progress and stock in trade*

Our changes in inventories of finished goods, work in progress and stock in trade amounted to a net increase of ₹ 119.11 million for the three month period ended June 30, 2017, primarily on account of stocking ahead of the

festive season in India.

#### *Employee benefit expenses*

Our employee benefit expenses amounted to ₹ 155.43 million in the three month period ended June 30, 2017, primarily arising from an increase in our headcount.

#### *Finance costs*

Our finance costs amounted to ₹ 32.60 million in the three month period ended June 30, 2017, as certain term loans were repaid during this period.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses amounted to ₹ 38.92 million in the three month period ended June 30, 2017, in line with capital expenditure incurred by the Company during this period.

#### *Other expenses*

Our other expenses amounted to ₹ 391.24 million in the three month period ended June 30, 2017, primarily arising from (i) our rent expenses corresponding to the expansion of our retail business and store network; (ii) advertising, marketing and sales promotion expenses, primarily in relation to our sponsorship of an Indian Premier League cricket team; (iii) power and fuel expenses corresponding to increased production at our manufacturing facilities; (iv) freight charges, transport and delivery expenses corresponding to the growth of our retail and distribution operations; and (v) jobwork and hallmarking charges corresponding to the growth in our distribution business during this period.

#### *Net tax expenses*

Our net tax expenses amounted to ₹ 37.31 million in the three month period ended June 30, 2017.

#### *Restated profit after tax*

As a result of the foregoing, our restated profit after tax amounted to ₹ 71.05 million for the three month period ended June 30, 2017.

### **Fiscal 2017 compared to Fiscal 2016**

#### *Material Differences between fiscal 2016 and fiscal 2017*

During fiscal 2016, we had sold our stock of gold and jewelry, pursuant to the winding down of our jewelry retail business. Our gold and jewelry sales contributed revenues of ₹ 176.95 million in fiscal 2016, while there were no revenues from this line of business during fiscal 2017, and our revenues in fiscal 2017 consisted solely of sales of footwear and accessories. The increase in our total revenue in fiscal 2017 compared to our total revenue in fiscal 2016 therefore reflects a proportionately larger increase in our sales of footwear and accessories during this period.

#### *Revenues*

Our total revenue increased by ₹ 867.17 million, or 16.09%, to ₹ 6,255.47 million in fiscal 2017 from ₹ 5,388.30 million in fiscal 2016, which consisted mainly of an increase in our sales of footwear and accessories by 20.16% to ₹ 6,149.56 million in fiscal 2017 from ₹ 5,117.98 million in fiscal 2016. Revenues from our retail business grew by 13.52% to ₹ 4,564.95 million in fiscal 2017 from ₹ 4,021.19 million in fiscal 2016, with the expansion in our network of retail stores, driven by growth in our existing network of stores and 60 new stores being opened during fiscal 2017. Further, our revenues from our distribution business grew by 35.74% to ₹ 1,347.05 million in fiscal 2017 from ₹ 992.34 million in fiscal 2016 as we increased sale to existing distributors, widened our distributor base and expanded into new geographies.

### *Revenue from operations (net)*

Our revenue from operations (net) increased by ₹ 867.28 million, or 16.23%, to ₹ 6,212.49 million in fiscal 2017 from ₹ 5,345.21 million in fiscal 2016, in line with the growth in our retail and distribution businesses, as set out above.

### *Other income*

Our other income decreased marginally by ₹ 0.11 million, or 0.26%, to ₹ 42.98 million in fiscal 2017 from ₹ 43.09 million in fiscal 2016, primarily due to a decrease in government grants received during this period, primarily due to receipt of one time subsidy from the government of ₹ 3.95 million during fiscal 2016.

### *Expenses*

#### *Cost of materials consumed*

Our cost of materials consumed increased by ₹ 289.17 million, or 37.96%, to ₹ 1,050.96 million in fiscal 2017 from ₹ 761.79 million in fiscal 2016, primarily as a result of increased costs relating to packing materials, natural rubber and imported EVA compound (compressed), on account of increase in production at our manufacturing operations corresponding to the growth in our distribution business during this period.

#### *Purchase of stock in trade*

Our purchase of stock in trade increased by ₹ 315.86 million, or 12.80%, to ₹ 2,782.98 million in fiscal 2017 from ₹ 2,467.12 million in fiscal 2016, primarily due to an increase in purchase of footwear and accessories corresponding to the the growth of our retail business during this period, wherein we source higher quality products from third-party vendors.

#### *Changes in inventories of finished goods, work in progress and stock in trade*

Our changes in inventories of finished goods, work in progress and stock in trade amounted to a net increase of ₹ 119.76 million for fiscal 2017, compared to a net decrease of ₹ 130.69 million for fiscal 2016, primarily due to the growth in our distribution business during this period, and corresponding to our purchase of outsourced products and contract manufacturing products during this period.

#### *Employee benefit expenses*

Our employee benefit expenses increased by ₹ 99.05 million, or 21.87%, to ₹ 551.88 million in fiscal 2017 from ₹ 452.83 million in fiscal 2016, primarily due to increases in salaries and wages during this period, arising from an increase in employee headcount corresponding to the growth in our store network, as well as an increase in staff at our manufacturing facilities.

#### *Finance costs*

Our finance costs decreased by ₹ 10.87 million, or 7.47%, to ₹ 134.63 million in fiscal 2017 from ₹ 145.50 million in fiscal 2016, as a result of a decrease in our interest expenses during this period arising from repayment of certain of our loans during this period coupled with a reduction in interest rates.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses decreased marginally by ₹ 3.87 million, or 2.38%, to ₹ 159.01 million in fiscal 2017 from ₹ 162.88 million in fiscal 2016, as we did not incur any significant capital expenditure or create any new capital assets during fiscal 2017. Further, there was a decrease in our gross block mainly on account of transfer of an immovable property.

#### *Other expenses*

Our other expenses increased by ₹ 279.43 million, or 27.69%, to ₹ 1,288.71 million in fiscal 2017 from ₹ 1,009.28 million in fiscal 2016, primarily due to increases in (i) our rent expenses corresponding to the

expansion of our retail business and store network; (ii) advertising, marketing and sales promotion expenses arising primarily in relation to our sponsorship of an Indian Premier League cricket team; (iii) power and fuel expenses corresponding to increased production at our manufacturing facilities; (iv) freight charges, transport and delivery expenses corresponding to the growth of our retail and distribution operations and in line with annual revisions in applicable rates; and (v) jobwork and hallmarking charges corresponding to the growth in our distribution business during this period.

#### ***Net tax expenses***

Our net tax expenses increased significantly by ₹ 93.73 million, or 1,624.44%, to ₹ 99.50 million in fiscal 2017 from ₹ 5.77 million in fiscal 2016, primarily due to increased profitability in fiscal 2017, compared to a lower tax incidence in fiscal 2016 due to brought forward losses and a MAT credit entitlement for earlier periods.

#### ***Restated profit after tax***

As a result of the foregoing, our restated profit after tax increased by ₹ 55.12 million, or 21.84%, to ₹ 307.56 million in fiscal 2017 from ₹ 252.44 million in fiscal 2016.

#### **Fiscal 2016 compared to Fiscal 2015**

##### ***Material Differences between fiscal 2015 and fiscal 2016***

Prior to fiscal 2014, our Company did not have appropriate systems and process to identify slow-moving and dead stock and liquidate them. In fiscal 2014, our Company developed a policy and identified such inventory which had been built up over the years and appropriated it from its net worth through a court scheme. Further, prior to our focus on distribution as a separate business vertical, there were certain existing designs that were not in sync with the market which we decided to liquidate which impacted our results in fiscal 2015.

This was coupled with a reluctance of our franchisees to offer discounts, resulting in inventory pile-up, display of old stock in stores and lower secondary sales. Our Company was forced to stop fresh sales and wait for the stocks and inventory levels to be rationalised, resulting in a decline in revenues during fiscal 2015 without a corresponding decrease in fixed costs. Since this decision was taken in the second half of financial year 2015, our franchisees had to liquidate stock, which was purchased in anticipation of the sale, at a discount. As this issue was rectified during fiscal 2015, our results of operations in fiscal 2016 were significantly different from fiscal 2015. In addition, we commenced the winding down of our jewelry retail business and we discontinued our large format retail business during fiscal 2015, which also gave rise to differences in our results of operations compared to fiscal 2016.

#### ***Revenues***

Our total revenue increased by ₹ 731.26 million, or 15.70%, to ₹ 5,388.30 million in fiscal 2016 from ₹ 4,657.04 million in fiscal 2015, which consisted mainly of an increase in our sales of footwear and accessories by 25.56% to ₹ 5,117.98 million in fiscal 2016 from ₹ 4,076.16 million in fiscal 2015. Revenues from our retail business grew by 21.05% to ₹ 4,021.19 million in fiscal 2016 from ₹ 3,321.99 million in fiscal 2015, while revenues from our distribution business grew by 48.63% to ₹ 992.34 million in fiscal 2016 from ₹ 667.65 million in fiscal 2015 as we increased our emphasis on this business segment and expanded our operations. These increases were partially offset by a decline in revenues from our jewelry business during this period as we commenced the winding down of this segment, as well as in relation to our large format retail business as we discontinued this business line during this period.

##### ***Revenue from operations (net)***

Our revenue from operations (net) increased by ₹ 743.63 million, or 16.16%, to ₹ 5,345.21 million in fiscal 2016 from ₹ 4,601.58 million in fiscal 2015, in line with the growth in our retail and distribution businesses, as set out above.

##### ***Other income***

Our other income decreased by ₹ 12.36 million, or 22.30%, to ₹ 43.09 million in fiscal 2016 from ₹ 55.46 million in fiscal 2015, primarily due to a sale of current investments and profit earned on sale of fixed assets

(net) arising from sale of a commercial property in fiscal 2015, as well as a net gain on foreign currency transactions in fiscal 2015, which was partially offset by increases in interest on deposit of banks, rent income and miscellaneous income in fiscal 2016.

### ***Expenses***

#### *Cost of materials consumed*

Our cost of materials consumed increased by ₹ 149.78 million, or 24.47%, to ₹ 761.79 million in fiscal 2016 from ₹ 612.01 million in fiscal 2015, primarily due to an increase in purchase of materials including PVC compound and packing materials during this period. This increase was on account of increase in production at our manufacturing operations corresponding to the growth in our distribution business during this period.

#### *Purchase of stock in trade*

Our purchase of stock in trade decreased marginally by ₹ 81.43 million, or 3.20%, to ₹ 2,467.12 million in fiscal 2016 from ₹ 2,548.54 million in fiscal 2015, primarily due to discontinuation of our purchases for large format retail and a decrease in our purchase of gold and jewellery during this period, as these businesses were wound down during this period, while our purchases of footwear and accessories grew to ₹ 2,436.79 million in fiscal 2016 from ₹ 2,125.66 million in fiscal 2015 in line with the growth in our business.

#### *Changes in inventories of finished goods, work in progress and stock in trade*

Our changes in inventories of finished goods, work in progress and stock in trade amounted to a net decrease of ₹ 130.69 million for fiscal 2016, compared to a net increase of ₹ 36.86 million for fiscal 2015, primarily due to the discontinuation of our large format retail business and jewelry business in fiscal 2015, coupled with the growth in our retail and distribution businesses during fiscal 2016. .

#### *Employee benefit expenses*

Our employee benefit expenses decreased marginally by ₹ 7.88 million, or 1.71%, to ₹ 452.83 million in fiscal 2016 from ₹ 460.71 million in fiscal 2015, primarily due to the Company's initiative to rationalize headcount at the retail, factory and corporate level during fiscal 2016.

#### *Finance costs*

Our finance costs decreased by ₹ 46.65 million, or 24.28%, to ₹ 145.50 million in fiscal 2016 from ₹ 192.15 million in fiscal 2015, primarily due to a decrease in our interest expenses during this period arising from repayment of certain of our loans during this period coupled with a reduction in interest rates.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses decreased by ₹ 28.91 million, or 15.07%, to ₹ 162.88 million in fiscal 2016 from ₹ 191.79 million in fiscal 2015, due to the adoption of new depreciation rates in fiscal 2015.

#### *Other expenses*

Our other expenses increased by ₹ 129.53 million, or 14.72%, to ₹ 1,009.28 million in fiscal 2016 from ₹ 879.75 million in fiscal 2015, primarily due to increases in (i) jobwork and hallmarking charges in line with our increase in production during this period; (ii) commissions as we opened new FRMs; and (iii) freight and delivery charges in line with the growth in our retail and distribution businesses, during this period.

#### *Net tax expense*

Our net tax expense increased by ₹ 10.25 million, or 228.70%, to an expense of ₹ 5.77 million in fiscal 2016 from a credit of ₹ 4.48 million in fiscal 2015. This was as a result of the loss we incurred in fiscal 2015 arising from our inventory issues, compared to the profit in fiscal 2016 where our tax expense was offset by the MAT credit entitlement for earlier periods.

### ***Restated profit after tax***

As a result of the foregoing, our restated profit after tax increased by ₹ 439.01 million, to ₹ 252.44 million in fiscal 2016 from a loss of ₹ 186.57 million in fiscal 2015.

### **Liquidity and Capital Resources**

Historically, we have maintained liquidity for our business operations primarily from the cash generated from operations, bank borrowings and issuance of shareholder equity. As of March 31, 2017, we had cash and bank balances available to for use in our operations of ₹ 166.37 million, and as of June 30, 2017, we had cash and bank balances of ₹ 516.74 million, primarily on account of disbursement of a short term loan during this period which was unutilised as of June 30, 2017. Based on our current level of expenditures, we believe that our current working capital, together with cash flows from operating activities and the proceeds from the offer contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditure and working capital for the next 12 months.

### ***Cash flows***

The table below summarises our cash flows for the periods indicated:

<b>Particulars</b>	<b>For the three month period ended June 30, 2017</b>	<b>Fiscal</b>		
		<b>2017</b>	<b>2016</b>	<b>2015</b>
Net cash flow from operating activities	190.49	309.06	498.60	44.72
Net cash from/(used in) investing activities	(116.20)	(187.80)	(112.06)	108.74
Net cash used in financing activities	271.71	(186.49)	(336.42)	(130.66)
Net increase/(Decrease) in cash and cash equivalents	346.00	(65.23)	50.12	22.80

### ***Operating Activities***

Net cash from operating activities was ₹ 190.49 million in the three month period ended June 30, 2017, primarily consisting of an operating profit of ₹ 176.72 million before working capital changes. The working capital adjustments primarily consisted of increases in trade receivables, loans and advances and other assets of ₹ 196.35 million and in inventories of ₹ 176.17 million, corresponding to an increase in sales and an increase in purchase of footwear and accessories in line with the growth of our distribution business during this period, which was partially offset by an increase in trade payables, other liabilities and provisions of ₹ 401.54 million. These changes were primarily on account of preparation for the festive season in India.

Net cash from operating activities was ₹ 309.06 million in fiscal 2017, primarily consisting of an operating profit of ₹ 698.47 million before working capital changes. The working capital adjustments primarily consisted of increases in trade receivables, loans and advances and other assets of ₹ 515.35 million and in inventories of ₹ 135.65 million, corresponding to an increase in sales and an increase in purchase of footwear and accessories in line with the growth of our distribution business during this period, coupled with the effects of demonetisation, which was partially offset by an increase in trade payables arising from our improved ability to negotiate better payment terms with our suppliers, other liabilities and provisions of ₹ 350.71 million.

Net cash generated from operating activities was ₹ 498.60 million in fiscal 2016, primarily consisting of an operating profit of ₹ 557.99 million before working capital changes. The working capital adjustments primarily consisted of increases in trade receivables, loans and advances and other assets of ₹ 143.49 million, which was partially offset by a decrease in inventories of ₹ 128.83 million. The decrease in inventories was largely due to the rectification of previous inventory issues faced in fiscals 2014 and 2015, which were rectified by the Company.

Net cash generated from operating activities was ₹ 44.72 million in fiscal 2015, primarily consisting of an operating profit of ₹ 153.02 million before working capital changes. The working capital adjustments primarily

consisted of a decrease in trade receivables, loans and advances and other assets of ₹293.96 million, which was partially offset by a decrease in trade payables, other liabilities and provisions of ₹374.39 million. This was largely due to the inventory issues we faced in fiscal 2015 and corresponding slowdown in both our purchases and sales during this period.

#### *Investing Activities*

Net cash used in investing activities was ₹ 116.20 million in the three month period ended June 30, 2017, primarily due to purchase of fixed assets of ₹ 89.93 million arising from opening of new stores and purchases of plant and machinery and purchase of current investments of ₹ 27.80 million, which was partially offset by sale of fixed assets of ₹ 5.64 million and maturity of bank deposits under lien of ₹ 3.23 million during this period.

Net cash used in investing activities was ₹187.80 million in fiscal 2017, primarily due to purchase of fixed assets of ₹182.10 million arising from opening of new stores and purchases of plant and machinery and investments in bank deposits under lien of ₹76.76 million as margin money for letters of credit during this period which was partially offset by maturity of bank deposits under lien of ₹39.36 million during this period arising from release of margin money on liquidation of letters of credit.

Net cash used in investing activities was ₹112.06 million in fiscal 2016, primarily due to purchase of fixed assets of ₹92.03 million arising from opening of new stores and purchases of plant and machinery and investments in bank deposits under lien of ₹38.29 million during this period, which was partially offset by maturity of bank deposits under lien of ₹18.41 million arising from movement in margin money balances for opening of letter of credits during this period, as well as proceeds from sale of fixed assets of ₹4.86 million.

Net cash from investing activities was ₹108.74 million in fiscal 2015, primarily due to sale of investments of ₹357.97 million arising from sale of investments in mutual funds and maturity of bank deposits under lien of ₹273.00 million during this period, which was partially offset by purchase of investments of ₹350.99 million arising from investments in mutual funds and purchase of fixed assets of ₹146.47 million during this period.

#### *Financing Activities*

Net cash from financing activities was ₹ 271.71 million in the three month period ended June 30, 2017, primarily due to a net increase in working capital, demand loans and buyers' credit of ₹ 327.57 million, which was partially offset by interest paid of ₹ 32.48 million and repayment of term loans of ₹ 23.38 million.

Net cash used in financing activities was ₹186.49 million in fiscal 2017, primarily due to interest paid of ₹134.76 million and repayment of term loans of ₹115.81 million against loans from State Bank of India, Axis Bank and Small Industries Development Bank of India during this period, which was partially offset by a net increase in working capital, demand loans and buyers' credit of ₹64.08 million.

Net cash used in financing activities was ₹336.42 million in fiscal 2016, primarily due to interest paid of ₹149.68 million, repayment of term loans of ₹112.43 million against loans from State Bank of India, Axis Bank and Small Industries Development Bank of India during this period, and a net decrease in working capital, demand loans and buyers' credit of ₹73.81 million. The increase in working capital was on account of growth in business.

Net cash used in financing activities was ₹130.66 million in fiscal 2015, primarily due to interest paid of ₹191.92 million and repayment of term loans of ₹208.06 million against loans from State Bank of India, Axis Bank and Small Industries Development Bank of India during this period, which was partially offset by a net increase in working capital, demand loans and buyers' credit of ₹270.74 million. The increase in working capital was on account of growth in business.

#### *Indebtedness*

As of March 31, 2017, we had long term borrowings (including current maturities) of ₹ 51.50 million and short term borrowings of ₹ 1,039.65 million. Our long term borrowings (including current maturities) and short term borrowings as of June 30, 2017 amounted to ₹ 28.13 million and ₹ 1,367.31 million respectively.

There has been a decrease in long term borrowings of the Company from ₹ 507.82 million in fiscal 2013 to ₹ 2.00 million in fiscal 2017, due to repayment of term loans availed by our Company in the normal course of business, and further, no new term loans were availed during the said period.

### **Inventories**

Our inventory includes, inventory of raw materials, work-in-progress, finished goods and stock-in-trade. Inventory days are calculated as total inventory at the end of the period divided by the total revenue multiplied by 365 days. Inventory days were 67 days as of March 31, 2017, 69 days as of March 31, fiscal 2016 and 90 days as of March 31, fiscal 2015.

### **Contingent liabilities and off-balance sheet arrangements**

The following table sets forth certain information relating to our contingent liabilities as of June 30, 2017:

(₹ In million)

Particulars	Amount
<b>Claims not acknowledged as debts:</b>	
Sales tax matters under dispute	11.30
Income tax matters under dispute	1.11
Service tax matters under dispute	0.15
Excise duty matters under dispute	0.19
<b>Total</b>	<b>12.75</b>

For further information, see the section entitled “*Financial Statements*” on page 160.

Except as disclosed in our Restated Financial Statements or in this Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

### **Historical and Planned Capital Expenditures**

Our historical capital expenditures were, and we expect our future capital expenditures to be, primarily for expansion of our retail and manufacturing operations. In fiscals 2017, 2016 and 2015, our capital expenditure was ₹ 152.02 million, ₹ 119.64 million and ₹ 148.61 million, respectively.

### **Quantitative and Qualitative Disclosures About Market Risk**

#### ***Raw material pricing risk***

We are exposed to market risk in relation to the prices of raw materials consumed in our processing business. While we have purchase commitments with certain key suppliers, under which we have a volume commitment for a portion of our raw material requirements, we typically do not have fixed-price, long-term contracts for the purchase of key raw materials, and instead procure these from the spot market on the basis of our requirements.

#### ***Interest rate risk***

Interest rates for borrowings have been fluctuating in India in recent periods. Our current debt facilities typically carry variable rates of interest. Interest rate risk exists with respect to our indebtedness that bears interest at floating rates tied to certain benchmark rates as well as borrowings where the interest rate is reset based on changes in interest rates set by RBI. Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, domestic and international economic and political conditions, inflation and other factors. Upward fluctuations in interest rates increase the cost of servicing existing and new debts, which adversely affects our results of operations.

#### ***Credit Risk***

Credit risk is the risk that a counter-party will not meet its 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. We typically have credit terms ranging from 30 to 75 days with our customers. As of March

31, 2017, 2016, and 2015, our trade receivables were ₹771.68 million, ₹348.55 million and ₹240.90 million, respectively, while as of June 30, 2017, our trade receivables stood at ₹ 923.61 million. The increase in trade receivables for fiscal 2017 was primarily due delays in receipt of payments on account of impact of demonetization during this period, while we increased our credit period for the 3 month period ended June 30, 2017 ahead of the festive season in India.

#### **Unusual or infrequent events or transactions**

Except as described in this Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

#### **Significant economic changes that materially affect or are likely to affect income from continuing operations**

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in “*-Factors Affecting our Results of Operations*” and the uncertainties described in the section titled “*Risk Factors*” on page 224 and 14, respectively.

#### **Known trends or uncertainties**

Other than as described in the section “*Risk Factors*” on page 14 and under the heading “*-Factors Affecting Our Results of Operations*” on page 224, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

#### **Future relationship between cost and income**

Other than as described in the sections “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 14, 104 and 223, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

#### **Publicly announced new products or business segments /material increases in revenue due to increased disbursements and introduction of new products**

Other than as disclosed in this section, and in the section entitled “*Our Business*” on page 104, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

#### **Significant dependence on single or few customers**

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

#### **Seasonality of business**

Our business operations are not subject to significant seasonal trends.

#### **Competitive conditions**

We operate in a competitive environment. Please refer to the sections “*Business*”, “*Industry Overview*” and “*Risk Factors*” on pages 104, 88 and 14, respectively for further information on our industry and competition.

#### **Matter of emphasis in our Restated Financial Statements and actions taken by management**

<b>Financial Year / Period Ended</b>	<b>Matters of emphasis</b>	<b>Impact on the financial statements and financial position of the Company and the steps taken by the Company to address the matters of emphasis</b>
March 31, 2014	Attention is drawn to the Note 35 to the financial statements which describes the accounting treatment followed by the Company for writing off the “Diminution in the value of Inventory” and “Payment to minority shareholder Account” against the issued, subscribed and paid up share capital and securities premium of the Company pursuant to a Scheme of Arrangement for Reduction of share capital approved by the members of the Company and confirmed by Honorable Calcutta High Court. The audit opinion was not qualified in respect of this matter.	These were onetime events pursuant to High Court order / CLB order and no corrective action are required in this respect by the management.
March 31, 2013	On implementation of the order passed by the Company Law Board on 24 July, 2009 as referred to in Note no 34.1 financial Statements, loans and advances include ₹ 20.49 million being the value of land and ₹ 5.98 million being the value of related work in progress which has been transferred to the minority shareholders and is unrealizable. Furthermore, loans and advances include ₹ 113.33 million which have been paid pursuant to the above settlement order as explained in the Note No 34.3 of the Restated Financial Statements which is unrealizable. This includes ₹ 83.33 million pertaining to the previous years and ₹ 30.00 million for the year, which have not been provided. Had these provisions been made in the accounts the net worth of the Company for earlier years would have been reduced by ₹ 109.80 million and the profit of the Company for the year would have been reduced by ₹ 30.00 million with corresponding reduction in the total assets of the Company. The audit opinion was not qualified in respect of this matter.	

#### **Significant developments after March 31, 2017 that may affect our future results of operations**

Our Company has entered into a memorandum of understanding dated April 28, 2017 with Stichwell Exports Private Limited to transfer and assign the remaining period of the lease of an area of about 14971 square feet, being a part of Phase I & III, Kasba Industrial Estate, E.M. Byepass, Kolkata, West Bengal (“**Property**”), for a consideration of ₹ 120 million. As directed by the West Bengal Small Industries Development Corporation Limited, being the lessor of the Property, our Company has submitted the original lease documents to the lessor in relation to such transfer.

Further, the Government of India has proposed a comprehensive national goods and services tax, or GST, regime that will combine taxes and levies by the central and state governments into a unified rate structure, which is expected to be applicable from July 1, 2017. For further details, please refer to the risk factor “*Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial performance.*” in the section “*Risk Factors*” on page 14.

Except as disclosed above and in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## **SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND IND AS**

The financial statements have been prepared in accordance with Indian GAAP, which differs in certain material respects from Ind AS.

The following table summarizes certain areas in which differences between Indian GAAP and IND AS could be significant to the Company's financial position and results of operations. This summary should not be taken as an exhaustive list of all the differences between Indian GAAP and Ind AS. No attempt has been made to identify all recognition and measurement, disclosures, presentation or classification differences that would affect the manner in which transactions or events are presented in the financial statements (or notes thereto). Certain principal differences between Indian GAAP and Ind AS that may have a material effect on the financial statements are summarized below. Management has not quantified all of the effects of the differences discussed below. Accordingly, no assurance can be provided to investors that the financial statements would not be materially different if prepared in accordance with Ind AS.

Potential investors should consult their own professional advisors for an understanding of the differences between Indian GAAP and Ind AS and how those differences might affect the financial information disclosed in this Red Herring Prospectus.

<b>Sl. No.</b>	<b>IndAS No.</b>	<b>Particulars</b>	<b>Treatment as per Indian GAAP</b>	<b>Treatment as per IndAS</b>
1.	IndAS1	Presentation of Financial Statements	<b>Other Comprehensive Income:</b>  There is no concept of "other comprehensive income" under Indian GAAP, which is required under IndAS. The items that would form part of Other Comprehensive Income under Ind AS are included in the income statement under Indian GAAP.	<b>Other Comprehensive Income:</b>  Ind AS-1 requires the presentation of a Statement of Other Comprehensive Income as part of the financial statements. This statement presents all the items of income and expense that are to be recognized in Other Comprehensive Income as required or permitted by other Ind AS's. Other Comprehensive Income (as of now) also includes items which will never be reclassified to profit or loss in future.
			<b>Statement of Change in Equity:</b>  Indian GAAP does not require a statement of change in equity. However, information relating to the appropriation of profits and movement in capital and reserves is presented in the line items' share capital' and 'reserves and surplus' in the balance sheet.	<b>Statement of Change in Equity:</b>  Ind AS-1 requires the presentation of all transactions with equity holders in their capacity as equity holders to be presented in the statement of changes in equity (the "SOCE"). The SOCE is considered to be an integral part of financial statements.
			<b>Other disclosures:</b> There are no specific disclosure requirements under Indian GAAP for:  (a) Critical judgments made by the management in Applying accounting policies;  (b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and  (c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.	<b>Other disclosures:</b> Ind AS-1 requires disclosure of:  (a) Critical judgments made by the management in Applying accounting policies;  Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and  (c) Information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.
			<b>Dividends:</b> Under Indian GAAP, proposed	<b>Dividends:</b> As per Ind AS-1 proposed dividend is not

<b>Sl. No.</b>	<b>IndAS No.</b>	<b>Particulars</b>	<b>Treatment as per Indian GAAP</b>	<b>Treatment as per IndAS</b>
			dividend is shown as appropriation of profit in retained earnings balance forming part of reserves.	to be recognized. The presentation of such disclosures in retained earnings is not permitted until approved by the shareholders at an annual general meeting. However, disclosure of the proposed dividend recommended by the Board of Directors is to be made.
2.	Ind AS17	Leases	<b>Operating lease rentals:</b>  Under Indian GAAP, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term, unless another systematic basis is more representative of the time pattern of the users benefit.	Under Ind AS17, lease payments under an operating lease are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term unless: a) another systematic basis is more representative of the time pattern of the user's benefit; or b) The payments to the lessor are structured to increase in line with expected general inflation for cost increases.
			<b>Fair valuation of rent deposits:</b>  There is no specific accounting treatment specified under Indian GAAP for accounting of deposits provided by the lessor under a lease. Deposits are generally accounted as assets at historical cost. Under Indian GAAP, leasehold land forms part of fixed assets and is excluded from the accounting standard on leases.	Under Ind AS, in case of an operating lease, the difference between the nominal value and the fair value of the deposit under the lease is considered as additional rent payable. This is expensed on a straight line basis over the term of the lease.  The lessee also recognizes interest income based on the internal rate of return through its profit and loss account over the life of the deposit. Under Ind AS, leasehold land is covered under account 101 (Leases) under the accounting standard for leases (IndAS17) and a distinct distinction is made in the treatment of operating leases and finance leases. Leasehold lands, which are not classified as operating lease, are to be treated as other assets.
			<b>Determining whether an arrangement contains a lease:</b>  Under Indian GAAP, no specific guidance is provided for arrangements that do not take the legal form of a lease but, based on the substance, fulfill the criteria of a lease. The determination of whether an arrangement is dependent on the use of specific assets and the arrangement conveys the right to use the assets is accounted for as lease expense incurred.	Arrangements that do not take the legal form of a lease but, based on the substance, fulfill the criteria of a lease. The determination of whether an arrangement is dependent on the use of specific assets and the arrangement conveys the right to use the assets is accounted for as lease expense incurred.
3.	Ind AS109	Financial assets	Under Indian GAAP, financial assets are initially measured at transaction price.	Under Ind AS, financial assets are required to be initially measured at their fair values. For example, loans given to employees at off-market interest rates should be measured at fair value instead of transaction price.
			Under Indian GAAP, financial assets are classified on the basis of their nature.	Under Ind AS, based on the classification of a financial asset, it is required to be measured at its amortised cost, fair value through other comprehensive income, or fair value through profit or loss.
			Under Indian GAAP, subsequent measurements are computed at the cost lessor payments, if any.	Under IndAS, at each reporting date, investment in Mutual funds is required to be measured at fair value and deposits and loans to employees are required to be subsequently measured at amortised cost using effective interest.
4.	IndAS109	Financial liability	Under Indian GAAP, financial liabilities are initially measured at their transaction price.	Under IndAS, term loan from banks and other short term borrowings are required to be initially measured at transaction price less transaction cost.

<b>Sl. No.</b>	<b>IndAS No.</b>	<b>Particulars</b>	<b>Treatment as per Indian GAAP</b>	<b>Treatment as per IndAS</b>
			Under Indian GAAP, financial liabilities are subsequently measured at principal less repayments, if any.	Under IndAS, all borrowings and long term deposits received are required to be subsequently measured at amortised cost using effective interest.
5.	Ind AS 109	Derivative contracts	Under Indian GAAP, the net mark to market losses on the outstanding currency forward contracts were recognized in the profit or loss and the net gain, if any were ignored.	Under Ind AS, changes in the fair value of any derivative instruments are recognised in the Statement of Profit and Loss
6.	Ind AS19	Employee benefits	Under Indian GAAP, actuarial gains or losses are part of the income statement.	Under IndAS, re-measurement gains or losses of post retirement employee benefits are required to be a part of other comprehensive income.
7.	Ind AS108	Segments	Under Indian GAAP, segments are determined on the basis of geography and business.	Under Ind AS, segments are required to be determined based on the Chief Operating Decision Maker's ('CODM') regular review of the financial information for allocating resources and assessing performance.
8.	Ind AS18	Revenue	Under Indian GAAP, certain discounts/ expenses are to be disclosed as other expenses.	Under Ind AS, certain expenditures are to be offset from revenue on account of measurement criteria for revenue.

## **SECTION VI: LEGAL AND OTHER INFORMATION**

### **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

*Except as stated in this section, there are no outstanding (I) criminal proceedings, (II) actions taken by statutory or regulatory authorities, (III) claims related to direct and indirect taxes, (V) material litigation, in each case involving our Company, Promoters, Group Companies or Directors (the “**Relevant Persons**”), and (V) material dues to creditors by our Company.*

*For the purpose of (IV) above, our Board in its meeting held on June 1, 2017, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by our Board:*

- (a) *any outstanding legal proceeding involving the Relevant Persons which involve an amount exceeding 1% of the profit after tax of the Company as per restated financial statement for the last completed fiscal, which amounts to ₹3.08 million, have been considered material for the purposes of disclosure in this section based on the policy approved by our Board; and*
- (b) *any legal proceeding involving the Relevant Parties where the outcome of such legal proceedings may have a bearing on the business, operations or prospects or reputation of the Company.*

*Further, legal notices received by the Relevant Parties from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum, and accordingly have not been disclosed, if any, in this section.*

*Further, except as stated in this section, there are no (i) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company in the five years preceding the date of this Red Herring Prospectus, (ii) fines imposed or compounding of offences against our Company, in the five years preceding the date of this Red Herring Prospectus (iii) material frauds committed against our Company in the five years preceding the date of this Red Herring Prospectus; (iv) proceedings initiated against our Company for economic offences, (v) defaults in respect of dues payable; instances of defaults or non-payment of statutory dues by the Company; (vi) litigation or legal action pending or taken by any Ministry or department of the Government or a statutory authority during the last five years immediately preceding the date of this Red Herring Prospectus against any of our Promoters, (vii) outstanding litigation involving any other person, outcome of which could have a material adverse effect on the position of our Company.*

*For the purpose of (V) above, our Board in its meeting held on June 15, 2017 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of the materiality policy, any outstanding dues (trade payables) which exceed five percent of the total dues (trade payables) owed by our Company as per restated financial statement for the last completed fiscal shall be considered as material. During fiscal 2017, our total trade payables was ₹ 898.23 million and accordingly, any outstanding dues exceeding ₹ 44.91 million has been considered as material outstanding dues for the purposes of disclosure in this section. Further, for outstanding dues to any party which is a small-scale undertaking (“SSU”) or a micro, small or a medium enterprise (“MSME”), the disclosure is based on information available with the Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by the Auditors.*

#### **(A) Litigation involving our Company**

##### **A. Litigation filed against our Company**

###### *Criminal proceedings*

There are no criminal proceedings pending against our Company.

###### *Civil Proceedings*

- i. Nanda Roy and others (the “**Plaintiffs**”) have filed a civil suit for declaration and permanent injunction before the Court of the 4<sup>th</sup> Civil Judge (Senior Division), Alipore against our Company, in relation to a property of our Company, located at Tiljala, West Bengal. The Plaintiffs have sought for a declaration

to the effect that the plaintiffs are the owner of the said property and a permanent injunction restraining our Company from altering the condition of the said property and interfering with peaceful possession by the Plaintiffs. The matter is currently pending.

- ii. Rajendra Sancheti (the “**Plaintiff**”) has filed a civil suit against our Company before the 10th Civil Judge, Class – I, Gwalior (the “**Judge**”) seeking the vacation of certain premises leased to our Company from the Plaintiff in Gwalior, Madhya Pradesh (the “**Leased Property**”). The Plaintiff has alleged that our Company carried out alterations and demolition on the Leased Property in violation of the lease deed entered into between the Plaintiff and our Company, causing nuisance on the Leased Property. The Plaintiff has sought for a direction from the Judge to the Company to vacate the Leased Property and make payment of rent to the Plaintiff from the date of institution of the suit till the date the Plaintiff receives actual possession of the Leased Property. The Plaintiff has further sought for a permanent injunction against our Company, restraining our Company from causing any demolition or alteration or changes in the Leased Property. The suit is currently pending.
- iii. Nike Innovate C.V. (“**Applicant**”) has filed two separate rectifications applications against our Company before the Registrar of Trade Marks at Kolkata alleging that “PRO” is a descriptive term and proprietorship for such term is not allowed. The Applicant has sought that the trade mark for word and Label “PRO” be expunged from the Register of Trade Marks. The matter is currently pending.
- iv. M. Siddiqui and others (the “**Petitioners**”) have filed a writ petition before the High Court at Calcutta against Kolkata Metropolitan Development Authority and others (the “**Respondents**”) under Article 226 of the Constitution of India seeking restraint against the Respondents from taking any further action on a land situated at Tijala, Kolkata (“**Land**”). Our Company was allotted a smaller plot within the Land (“**Plot**”) by the Respondents. The Petitioners have claimed ownership of a portion of the Plot and have challenged the authority of the Respondent to hold, transfer or convey the same. Our Company has filed an application, *inter alia*, seeking addition as a respondent to the said writ petition to ensure that our interest in the Plot is safeguarded. By its order dated July 25, 2014, the High Court at Calcutta has disposed of the said writ petition in favour of the Petitioners (the “**Disposal Order**”). Our Company has filed an appeal before the division bench of the High Court at Calcutta against the Disposal Order. The matter is currently pending.
- v. Bata (India) Limited, (“Bata”) has filed a civil suit against our Company before the High Court at Calcutta seeking perpetual injunction restraining our Company from infringing the trade mark (i) “Bata Hawai” (ii) “Bata Hawai Wedges”; and (iii) “Hawaiana” being registered trademark of the Plaintiff, by using the word “Hawai” as trade name or advertising the work “Hawai” as trade mark. By its order dated June 24, 2008, the High Court of Calcutta stayed the suit, pending the disposal of the proceeding filed by our Company against Bata. For further details see “*-Litigation by our Company – Civil Proceedings*” on page 248. The matter is currently pending.
- vi. Auto Agents (the “**Plaintiff**”) filed a suit against Vinoy Sayal and others (the “**Accused**”) before the First Court of the Civil Judge Junior Divisions at Asansol (the “**Asansol Judge**”). The Plaintiff alleged that the Accused had wrongly been refused to renew the lease agreement executed between the Plaintiff and the Accused with respect to certain premises situated in Asansol (the “**Property**”) leased by the Plaintiff from the Accused. The Plaintiff requested the Asansol Judge to pass orders granting permanent injunction, restraining the Accused from disturbing the possession of the Plaintiff over the Property and running of the Plaintiff’s business, and a mandatory injunction directing the Accused to put the Plaintiff in possession of the Property and remove any new construction made illegally on the Property. The Court through its order dated April 12, 2014 granted a mandatory injunction in favour of the Plaintiff, granting restoration of anti-dated possession of the Property to the Plaintiff and restraining the transfer or alienation of the Property by the Accused. Our Company had entered into an agreement of sale dated December 29, 2006 with the Accused for the purchase of a plot within the Property. Aggrieved by the order of the Court dated January 30, 2015 directing the local police station to require our Company to vacate the occupation of a part of the Property, our Company has filed an application for addition of our Company as a party in the Suit. The matter is currently pending.

*Tax proceedings*

There are 24 tax litigations involving our Company which are pending before various tax tribunals. These comprise of six direct tax matters amounting to ₹9.77 million and 18 indirect tax matters amounting to ₹30.89 million.

**B. Litigation by our Company**

*Criminal proceedings*

- i. Our Company has filed a criminal complaint against Subhendu Bhattcharjee, the proprietor of M/s Rama Marketing Centre (the “**Respondent**”) for dishonour of a cheque. The Respondent had issued a cheque in favour of our Company to discharge certain liabilities, but the cheque was dishonoured due to insufficient funds. The matter is currently pending in the court of Chief Metropolitan Magistrate, Kolkata.
- ii. Our Company has filed a criminal complaint before the Court of Chief Metropolitan Magistrate, Kolkata against Anjali Enterprises, a sole-proprietorship (the “**Respondent**”) for dishonour of a cheque issued by the Respondent. Our Company had entered into an agreement of dealership with the Respondent and had availed certain credit facility. Our Company had raised the demand from the Respondent for the credit facility availed towards which the Respondent had issued a cheque in favour of our Company which was dishonored. The matter is currently pending in the court of Chief Metropolitan Magistrate, Kolkata.
- iii. Our Company has filed first information report dated July 26, 2016 with the Hare Street Police Station, Kolkata against the proprietor of Citizen Rubber and Plastic Industries (the “**Accused**”) for alleging that the respondent had infringed the copyright owned by our Company for the label “Wash ‘n’ Wear”. The matter is currently pending.
- iv. Our Company has filed first information report under Sections 420, 468, 471 408 of IPC with the Shibpur Police Station against Prasenjit Banerjee, who was an employee of one of our retail stores of our Company (“**Accused**”) alleging that he had misappropriated the sale proceeds. The police has filed a charge sheet before the Chief Judicial Magistrate Howrah, (“**CJM**”). The CJM by its order dated February 8, 2017 has granted interim bail to the Respondent. The matter is pending.
- v. Our Company has filed a first information report with the Baranagar police station against New Bharat Shoes (the “**Accused**”) alleging that the Accused had been using the brand ‘Khadim’s’ to sell or market various types of footwear that looked deceptively similar to the Company’s brand. The police has filed a charge sheet before Additional Chief Judicial Magistrate, Barrackpore. The matter is currently pending.

*Civil Proceedings*

- i. Our Company has filed a suit against Bata (the “**Respondent**”) under Section 32, Section 56 and Section 58(2) read with Section 120 of the Trade and Merchandise Marks Act, 1958 before the High Court at Calcutta seeking, *inter alia*, cancellation of exclusive trademarks of the words (i) “Hawai”; (ii) “Hawai Wedges”; and (iii) “Hawaiana” owned by the Respondents (collectively called the “**Trademarks**”). Our Company has sought cancellation of the Trademarks on the ground that the footwear including rubber slippers to be attached to the foot by thongs are both popularly and commercially known as “Hawai Chappals”. Further, the said suit was subsequently transferred to the Intellectual Property Appellate Board (“**IPAB**”). The matter is currently pending before the IPAB.
- ii. Our Company and K.M. Khadim has filed a suit against Md. Awaz (the “**Respondent**”) before the High Court at Calcutta for allegedly infringing our Company’s trademark over the word “Khadim” under the Code of Civil Procedure read with the Trade and Merchandise Marks and Rules 1959. It was alleged that the Respondent was selling items of clothing under the trademark and trade name “Khadim” and was carrying on business from a shop name “Khadim Kurta”. Our Company has sought for a perpetual injunction against the Respondent and a direction against the Respondent to deliver up all goods, materials etc., bearing the trade mark “Khadim Kurta”. The matter is currently pending.
- iii. Our Company has filed a suit before the High Court at Calcutta against Banik Rubber Industries and Eskay’s (the “**Respondents**”) under Section 62 of the Copyright Act, 1957. Our Company had alleged

infringement of copyright over Company's artistic work of engineering drawing namely 'Jayanto'. Our Company has sought a (i) perpetual injunction restraining the Respondents from infringing the said drawing; and (ii) an order directing the destruction of all infringing footwear developed by Respondents based on the artistic work of our Company. The matter is currently pending.

- iv. Our Company has filed a writ petition before the High Court of Odisha, Cuttack Bench against Government of Odisha (the "**Respondent**") under Article 226 and Article 227 of the Constitution of India in relation to mutation application of a property purchased by the Company in Bhubaneshwar from a third party, which was arbitrarily declined by the Respondent. Our Company has sought for a direction against the Respondent to record the mutation in the name of our Company. The matter is currently pending.

**(B) Litigation involving our Promoters**

*Litigation involving Siddhartha Roy Burman*

The State of West Bengal ("Petitioner") had filed an application (the "**Alipore Application**") in the court of Additional District and Sessions Judge, 2nd Court, Alipore ("Court") against our Promoter Siddhartha Roy Burman ("Respondent") under Section 192 of the Indian Penal Code alleging him to be a hostile witness. The application was filed in relation to a criminal case under Sections 346A and 320 of the Indian Penal Code, in which the Respondent was deposed as a prosecution witness, which were later retracted by him. The Alipore Application is currently pending.

*Litigation involving Knightsville Private Limited*

There is one direct tax matter involving Knightsville Private Limited amounting to ₹ 0.67 million. The matter is still pending.

**(C) Litigation involving our Directors**

For details see "-*Litigation involving Siddhartha Roy Burman*" above.

**(D) Litigation involving our Group Companies**

There is no litigation involving our Group Companies.

**(E) Small scale undertakings or any other creditors**

As of June 30, 2017, our Company had outstanding dues (trade payables) aggregating to ₹ 19.80 million owed to eight small scale undertakings. Further, with respect to other creditors, as of June 30, 2017, our Company owed outstanding dues (trade payables) of ₹ 1,174.84 million to 1,045 other creditors.

Our board considers our total trade payables exceeding five percent, amounting to ₹ 59.73 million, as material dues for our Company. Our Company did not owe any payables to small scale undertakings or other creditors, exceeding the materiality as specified above.

The details pertaining to amounts due towards such creditors are available on the website of our Company at the following link: <https://www.khadims.com/report-and-accounts/>.

**(F) Material Frauds**

There are no material frauds committed against our Company, in the last five fiscals.

**(G) Proceedings initiated against our Company for economic offences**

There are no proceedings initiated against our Company for any economic offences.

**(H) Inquiries, inspections or investigations under Companies Act**

- i. The Ministry of Corporate Affairs, Government of India had issued a show cause notice dated April 22, 2014 to our Company for not filing e Form 5 INV for the unclaimed dividend within the period of 90 days after the holding of AGM in the year 2013 as required under section 205C of the Companies Act, 1956. Our Company responded to the show cause notice on May 5, 2014 stating that the dividend remained unpaid due to an order of the Company Law Board, Kolkata which directed that the petitioner in the proceedings would not be entitled to dividend, as result of which such dividend was kept in abeyance by our Company.
- ii. The Ministry of Corporate Affairs, Government of India (“**MCA**”) had issued a notice dated April 11, 2016 to our Company seeking certain information regarding our expenditure on corporate social responsibility in Fiscal 2015. Our Company responded to such notice on April 26, 2016 stating that due to our Company suffering a net loss of ₹186.60 million in fiscal 2015, our Company unable to spend any amount on corporate social responsibility, and this had been disclosed in our Directors’ report for fiscal 2015. The MCA subsequently issued a show cause notice dated July 11, 2016 for default against our Company for failing to meet its obligations towards corporate social responsibility. Our Company filed a response on July 26, 2016 to such show cause notice reiterating that due to our Company suffering losses in fiscal 2015, our Company had been unable to spend any amount on account of corporate social responsibility.

**(I) Other actions taken by statutory or regulatory authorities against our Company**

- i. Our Company received a notice for compounding from the Inspector of Legal Metrology, Mysore alleging that our Company had violated the provisions of the Legal Metrology Act, 2009 with respect to certain packages products manufactured by our Company and on sale in our retail store in Mysore, as the package did not contain the symbol or the number of the products. The said offence was compounded by our Company on payment ₹ 55,000.
- ii. Our Company has received a notice under the Legal Metrology Act 2009 from the Inspector of Legal Metrology, Tamil Nadu, alleging that our Company has violated the provisions of section 31 (1) (b) of Legal Metrology Act 2009 since certain shoe brushes sold by our Company in the retail store at T.V.S road, Coimbatore, do not have month and year of manufacture printed on the package. The said offence was compounded by our Company on payment ₹ 5,000.
- iii. Our Company has received a notice from the Labour Inspector of Durg after an inspection, under the Equal Remuneration Act 1976, alleging failure to provide the master of the roll of employees at our retail store at Durg. It was further alleged that the list of employees had not been disclosed. A fine of ₹ 19,000 was imposed on our Company.
- iv. Our Company received a notice from the Labour Inspector of Durg after an inspection, under the Child Labour (Prohibition & regulation) Act 1986 (“**Child Labour Act**”), for failure of displaying the notice containing abstracts of sections 3 and 14 of the Child Labour Act. A fine of ₹ 18,000 was imposed on our Company.

For details of the proceedings initiated by Sabuj Seal, in his capacity as an Inspector of Factories, against Siddhartha Roy Burman, as the “occupier” of our Factory at Kasba, West Bengal, see the section entitled “*-Litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years*” on page 251.

**(J) Defaults in respect of statutory dues payable**

Other than as specified in the section entitled “*Financial Statements*” on page 160, for the periods specified therein, our Company has no outstanding defaults in relation to statutory dues payable.

**(K) Outstanding litigation against any other person whose outcome could have an adverse effect on our Company**

There are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule V of the Companies Act, 2013, show cause notices or legal notices pending against any other

person whose outcome could affect the operations or finances of our Company or have a material adverse effect on the position of our Company.

**(L) Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws**

There are no adverse findings involving any persons/entities connected with our Company as regards non compliance with securities law.

**(M) Disciplinary action taken by SEBI or stock exchanges against our Company**

There are no disciplinary actions taken by SEBI or stock exchanges against our Company, or its Directors.

**(N) Further Confirmation**

Except as disclosed above, there are no regulatory actions initiated/taken against our Company, our Group Companies, our Promoter and our Directors in their individual capacities by various agencies/regulatory bodies. Further, except as disclosed above there are no show cause notices received by our Company, our Group Companies, our Promoter, or our Directors in their individual capacities (pending any investigation) for any regulatory lapse.

**(O) Litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.**

Sabuj Seal (“**Inspector**”) in the capacity of an inspector of factories, has filed a complaint against our Promoter Siddhartha Roy Burman, in his capacity as the occupier of our factory situated at Kasba, West Bengal under Section 92 of the Factories Act, 1948 alleging contravention of the provisions of the West Bengal Factories Rules, 1958 before the court of Chief Judicial Magistrate, Alipore. The Inspector has alleged that our Company has been operating the manufacturing facility situated at Kasba Industrial Estate, Kolkata without obtaining license under Factories Act, 1948. The matter has been disposed off by an order of the Chief Judicial Magistrate, imposing a fine of ₹35,000.

**(P) Material Developments**

For details of material developments post March 31, 2017, please see the section entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on page 223.

## **GOVERNMENT APPROVALS**

*Except as disclosed herein and in the section entitled “Risk Factors” on page 14, we have obtained all material consents, licenses, permissions and approvals from various governmental, statutory and regulatory authorities in India for our COOs, manufacturing facilities and distribution centres, which are necessary for undertaking our business. The list below is indicative and does not include Offer and incorporation related approvals, which are set out in the sections entitled “Other Regulatory and Statutory Disclosures” and “History and Certain Corporate Matters” on pages 255 and 125, respectively. In view of these approvals, our Company can undertake this Offer and its current business activities. Unless stated otherwise, we have obtained necessary material approvals from the relevant government authorities with respect to our Company, COOs, manufacturing facilities and distribution centres and such approvals are valid as on the date of this Red Herring Prospectus.*

*In relation to EBOs, BOs and FRMs, the relevant franchisee is obligated to undertake relevant statutory and regulatory compliances under the respective franchisee agreements executed between our Company and the respective franchisee. However, in terms of the franchisee agreements in relation to FRMs, our Company is required to maintain all tax related registrations. Accordingly, the tax related registrations set out in this section include tax registrations required for FRMs, wherever applicable.*

The material approvals, consents, licenses, registrations and permits obtained by our Company, which enable it to undertake its current business activities, are set out below:

**1. Approvals in relation to our Company’s establishments and business operations**

*i. Approvals in relation to our COOs:*

- a. Shops and establishments registrations under the applicable provisions of the shops and establishments legislation of relevant states, wherever applicable, issued by the ministry or department of labour of relevant state government. These licenses are periodically renewed.
- b. Trade licenses under the applicable provisions of the municipal legislation of the municipality of the relevant city, wherever applicable, issued by the relevant municipality. These licenses are periodically renewed.
- c. No objection certification from the relevant fire and emergency authorities in different States, wherever applicable.

*ii. Approvals in relation to our manufacturing facilities located at Kasba and Panpur, West Bengal:*

- a. Consent to operate issued by the West Bengal Pollution Control Board under the Water (Prevention and Control of Pollution) Act 1974 and Air (Prevention and Control of Pollution) Act 1981.
- b. License to work a factory issued by the Directorate of Factories, Government of West Bengal under Factories Act, 1948.
- c. License to acquire rubber, issued by the Rubber Board, Ministry of Commerce and Industry, Government of India under the Rubber Act, 1947.
- d. Registration issued by the relevant authorities in different States under Legal Metrology Act, 2009.
- e. No objection certification from the relevant fire and emergency authorities in different States.

*iii. Approvals in relation to our distribution facilities located at Bantala and Titagarh in West Bengal, Chennai in Tamil Nadu and New Delhi.*

- a. Consent to operate issued by the West Bengal Pollution Control Board under the Water (Prevention and Control of Pollution) Act 1974 (“**Water Act**”) and Air (Prevention and Control of Pollution) Act 1981 (“**Air Act**”) for Bantala.

- b. License to work a factory issued by the Directorate of Factories, Government of West Bengal under Factories Act, 1948, wherever applicable.
- c. Registration issued by the relevant authorities in different States under Legal Metrology Act, 2009, wherever applicable.
- d. No objection certification from the relevant fire and emergency authorities in different States, wherever applicable.

## 2. **Tax related approvals**

- a. Permanent account number AABCK3341A issued by the Income Tax Department under the Income Tax Act, 1961.
- b. Tax deduction account number CALS06535E issued by the Income Tax Department under the Income Tax Act, 1961.
- c. Provisions goods and service tax registration in several states under the Goods and Service Tax Act, 2017.

## 3. **Employee and labour related approvals**

- a. Registration for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- b. Registration for employees' insurance issued by the Regional Office, Employees State Insurance Corporation of different states in India under the Employees' State Insurance Act, 1948.
- c. Certificate for contract labour issued by the Office of the relevant registering officer under the Contract Labour (Regulation & Abolition) Act, 1970.

## 4. **Intellectual property**

Our Company has obtained trademark registrations under Trademarks Act, 1999 for our Company's name and brand 'Khadim's' and for our nine sub brands i.e. 'Pro', 'Lazard', 'Softouch', 'Cleo', 'British Walker', 'Turk', 'Sharon', 'Bonito' and 'Adrianna'.

## 5. **Approvals applied for but not received**

- a. Application for obtaining authorisation under the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 for our manufacturing facilities located at Kasba, West Bengal and Panpur, West Bengal and for our distribution facility located at Bantala, West Bengal.
- b. No objection certificate from the relevant fire and emergency services for our distribution facility located at Chennai, Tamil Nadu.

## 6. **Renewals applied for but not yet received**

- a. Renewal of registrations under respective shops and establishments legislations, for our COOs located at Kharagpur, West Bengal; Behala II, West Bengal; Asansol, West Bengal; Garia, West Bengal; Kanchrapara, West Bengal; Krishnanagar, West Bengal; Bhowanipore Retail, West Bengal; Rangoli Mall Retail, West Bengal; Camac Street, West Bengal; and Kankurgachi, West Bengal.
- b. Application for obtaining renewal of license to work a factory from Directorate of Factories, Government of West Bengal for certain plots, at our manufacturing facility at Kasba, West Bengal.

- c. Trade license from respective municipality for our COOs located at Pondicherry; Parrys, Tamil Nadu; Kancharapara, West Bengal; Karmanghat, Telengana; and Annasalai, Pondicherry.

7. **Approvals expired and renewals to be applied for**

- a. Trade license from respective municipality for our COOs located at Delhi R.D.C, Delhi; Sealdah, West Bengal; Kharagpur, West Bengal; Sambhu Chatterjee, Sahakarnagar, Karnataka; Baguihati, West Bengal; and Murgasol, West Bengal.
- b. Renewal of registration under respective shops and establishments legislation, for our COOs located at Sealdah, West Bengal; Murgasol, West Bengal; Baguihati, West Bengal; and Kolhapur Maharashtra.

8. **Approvals required but not obtained or applied for**

- a. Application for obtaining no objection certificate from the relevant fire and emergency services for our distribution facility located at New Delhi.

## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for the Offer**

Our Board has approved the Fresh Issue pursuant to the resolution passed at their meeting held on June 1, 2017 and our Shareholders have approved the Fresh Issue pursuant to a shareholders' resolution held on June 3, 2017 under Section 62(1) (c) of the Companies Act, 2013. Further, the Board has taken on record the approval of the Offer for Sale by the Selling Shareholders and has approved this Red Herring Prospectus pursuant to its resolution dated October 23, 2017.

For details on the authorisations of the Selling Shareholders in relation to the Offer, please see the section entitled "*The Offer*" on page 50.

The Equity Shares being offered by the Selling Shareholders in the Offer have been held by them for a period of at least one year prior to the filing of the Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under Regulation 26(6) of the SEBI Regulations and are eligible for being offered for sale in the Offer. The Selling Shareholders have also confirmed with respect to the Equity Shares held by them that they are the respective legal and beneficial owners of the Equity Shares being offered under the Offer for Sale.

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated July 10, 2017 and July 14, 2017, respectively.

Each of the Selling Shareholders have severally and on their own account confirmed that they have not been prohibited from dealings in the securities market and the Equity Shares proposed to be offered and sold by each of them are free from any lien, encumbrance, transfer restrictions or third party rights.

### **Prohibition by SEBI or other Governmental Authorities**

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Companies, the persons in control of our Company natural persons behind our corporate Promoter and the Selling Shareholders have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities.

The companies, with which our Promoter, Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Directors or the entities that our Directors are associated with are engaged in securities market related business and are registered with SEBI.

There has been no action taken by SEBI against our Directors or any of the entities in which our Directors are involved in as promoter or directors.

### **Prohibition with respect to wilful defaulters**

Neither our Company, nor our Promoter, relatives (as defined under the Companies Act, 2013) of our Promoter, Directors, Group Companies, nor the Selling Shareholders have been identified as a wilful defaulter as defined under the SEBI Regulations.

There are no violations of securities laws committed by them in the past or are pending against them.

### **Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI Regulations as explained under the eligibility criteria calculated in accordance with the Restated Financial Statements, prepared in accordance with the Companies Act and restated in accordance with the SEBI Regulations:

- Our Company has had net tangible assets of at least ₹30 million 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 a minimum average pre-tax operating profit of ₹150 million calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Offer and all previous issues made in the same financial year is not expected to exceed five times the pre-Offer net worth as per the audited balance sheet of the Company for the year ended March 31, 2017; and
- Our Company has not changed its name in the last one year.

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Financial Statements included in this Red Herring Prospectus as at, and for the last five years ended Financial Year 2017 are set forth below:

	(₹ in million, unless otherwise stated)				
	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014	Fiscal 2013
Pre-tax operating profit <sup>(1), (5)</sup>	498.71	360.61	(54.36)	389.91	351.35
Net worth <sup>(2)</sup>	1,851.57	1,544.01	1,291.57	738.16	1,036.49
Net tangible asset <sup>(3)</sup>	1,895.45	1,593.57	1,334.40	813.91	1,099.54
Monetary asset <sup>(4)</sup>	166.37	194.21	124.41	314.55	99.82
Monetary asset as a percentage of the net assets	8.78%	12.19%	9.32%	38.65%	9.08%

(1) Profit before tax and exceptional items (excluding other income and finance costs)

(2) "Net worth" means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

(3) The 'net tangible assets' mean the sum of all net assets, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India and deferred tax assets/liabilities.

(4) Monetary assets include cash in hand, cheque/drafts in hand and balances with banks.

(5) Average pre-tax operating profit based on the three most profitable years out of the immediately preceding five years, being Fiscal Years 2014, 2016 and 2017, is ₹416.41 million

Financial Years 2017, 2016 and 2014 are the three most profitable years out of the immediately preceding five financial years in terms of our Restated Financial Statements.

Our Company, the Selling Shareholders, our Promoters, the members of our Promoter Group, persons in control of our Company and our Directors are not debarred from accessing the capital markets by SEBI.

The companies with which our Promoters or our Directors or persons in control of our Company are or were associated as promoter or director or as person in control are not debarred from accessing capital markets under any order or direction passed by SEBI.

Further, in accordance with Regulation 26(4) of the SEBI 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.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable.

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, AXIS CAPITAL LIMITED AND IDFC BANK LIMITED HAVE 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, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

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 BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JUNE 30, 2017 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS TO THE OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED JUNE 30, 2017 ("DRAFT RED HERRING PROSPECTUS") PERTAINING TO THE SAID OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:
  - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC; FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AS AMENDED AND REPLACED BY THE COMPANIES ACT, 2013, TO THE EXTENT IN FORCE, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI (ICDR) REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE
5. WE CERTIFY THAT A WRITTEN CONSENT FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE

PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF THE LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SEBI REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. - COMPLIED WITH AND NOTED FOR COMPLIANCE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI (ICDR) REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE OFFER. NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE COMPANY'S MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013, AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER AND THE COMPANY, AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/ TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI (ICDR) REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
  - (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

- (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI (ICDR) REGULATIONS WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE
14. WE ENCLOSURE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF THE CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSURE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI (ICDR) REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
16. WE ENCLOSURE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMs (WHO ARE RESPONSIBLE FOR PRICING THIS OFFER), AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR.
17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS INCLUDED IN THE DRHP AS CERTIFIED BY SOUMYA DUTTA AND ASSOCIATES, CHARTERED ACCOUNTANTS, FIRM REGISTRATION NUMBER FRN: 322220E BY WAY OF A CERTIFICATE DATED JUNE 29, 2017.
18. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(A) OR (B) (AS THECASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) – NOT APPLICABLE

The filing of this Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Red Herring Prospectus.

The filing of this Red Herring Prospectus does not absolve the Selling Shareholders from any liability to the extent the statements made by them in respect of their respective portion of the Equity Shares being offered by them, respectively under the Offer for Sale, under Section 34 and Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer has been complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

#### **Caution - Disclaimer from our Company, the Selling Shareholders and the BRLMs**

Our Company, the Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this 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.khadims.com](http://www.khadims.com) or the respective websites of our Promoter Group or Group Companies, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company, the Selling Shareholders 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.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, 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, the Selling Shareholders, 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 BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

#### **Disclaimer in respect of Jurisdiction**

This Offer 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 the SEBI, VCFs, AIFs, Public financial institutions scheduled commercial banks, state industrial development corporation, permitted national investment funds, systemically important NBFCs, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and Eligible NRIs and FPIs. This Red Herring Prospectus does not, however, constitute an invitation to subscribe to or purchase equity shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Kolkata 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 Red Herring Prospectus had been filed with the SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this 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 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, our Group Companies or the Selling Shareholders 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, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws. The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.**

**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.**

#### **Disclaimer Clause of BSE**

BSE Limited (“the Exchange”) has given vide its letter dated July 10, 2017 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the NSE**

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/12899 dated July 14, 2017 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

#### **Filing**

A copy of this Red Herring Prospectus has been filed with SEBI at SEBI at Plot No. C 4-A, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4, A.J.C.B. Road, Kolkata 700020, West Bengal.

#### **Listing**

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders 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 of the Equity Shares at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/Offer Closing Date. Further, the Selling Shareholders confirm that it shall extend all reasonable co-operation required by our Company, the BRLMs for the 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 within six Working Days of the Bid/Offer Closing Date or such other timeline as prescribed by law.

The Selling Shareholders severally and not jointly undertake to provide such reasonable support and extend reasonable cooperation as may be requested by our Company, to the extent such support and cooperation is required from such party to facilitate the process of listing and commencement of trading of the Equity Shares on the Stock Exchanges.

Expenses for the Offer shall be shared amongst the Company and the Selling Shareholders in the manner specified in the section entitled "*Objects of the Offer- Offer Expenses*" on page 79.

**Price information of past issues handled by the BRLMs (during the current financial year and two financial years preceding the current financial year)**

**A. Axis Capital Limited**

**1. Price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited**

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % 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	Indian Energy Exchange Limited	10,007.26	1650	23-Oct-17	1,500.00	-	-	-
2	Godrej Agrovet Limited	11,573.12 <sup>4</sup>	460	16-Oct-17	615.60	-	-	-
3	SBI Life Insurance Company Limited	83,864	700 <sup>3</sup>	03-Oct-17	735.00	-	-	-
4	Capacit'e Infraprojects Limited	4,000	250	25-Sep-17	399.00	-	-	-
5	Matrimony.Com Limited	4,974.79	985 <sup>2</sup>	21-Sep-17	985.00	-	-	-
6	Security and Intelligence Services (India) Limited	7,795.80	815	10-Aug-17	879.80	-3.29%,[+1.17%]	-	-
7	Central Depository Services (India) Limited	5,239.91	149	30-Jun-17	250.00	+127.92%,[+5.84%]	+128.86%,[+2.26%]	-
8	Eris Lifesciences Limited	17,404.86	603 <sup>1</sup>	29-Jun-17	611.00	+0.87%,[+5.37%]	-5.69%,[+3.87%]	-
9	Tejas Networks Limited	7,766.88	257	27-Jun-17	257.00	+28.04%,[+5.35%]	+17.82%,[+3.80%]	-
10	S Chand And Company Limited	7,286	670.00	09-May-17	700.00	-17.37%,[+3.59%]	-8.89%,[+4.07%]	-

Source: [www.nseindia.com](http://www.nseindia.com)

<sup>1</sup>Price for eligible employees was ₹ 543.00 per equity share

<sup>2</sup>Offer Price was ₹ 887.00 per equity share to Retail Individual Bidders and Eligible Employees

<sup>3</sup>Offer Price was ₹ 632.00 per equity share to Eligible Employees

<sup>4</sup>Company has undertaken a Pre-Ipo Placement aggregating to ₹ 84.88 Million. The size of the fresh issue as disclosed in the draft red herring prospectus dated July 18, 2017, being ₹ 3,000.00 Million, has been reduced accordingly.

**Notes:**

- a. The CNX NIFTY is considered as the Benchmark Index.
- b. Price on NSE is considered for all of the above calculations.
- c. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
- d. Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

**2. Summary statement of price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Axis Capital Limited**

Financial Year	Total no. of IPOs	Total funds raised (` in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	10	1,59,912.62	-	-	2	1	1	1	-	-	-	-	-	-
2016-2017	10	1,11,377.80	-	-	1	4	2	3	-	-	-	7	1	2

2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2
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\* The information is as on the date of the document

The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

#### B. IDFC Bank Limited

Table 1: Price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Bank Limited:

Sr. No.	Issuer Name	Issue Size (Rs. Million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (Rs.)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar day from listing
1.	HPL Electric & Power Limited	3,610.00	202.00	October 04, 2016	190.00	-14.75% [-2.91%]	-51.19% [-6.72%]	-37.77% [5.34%]
2.	Shankara Building Products Limited	3,450.01	460.00	April 05, 2017	545.00	51.25% [0.51%]	81.25% [4.16%]	214.30% [5.08%]
3.	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2,725.00	50.07% [0.57%]	Not Available	Not Available

Notes:

- i. Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) for the price information and prospectus/finalised basis of allotment for issue details.
- ii. NSE was the designated stock exchange for the issue listed as item 1 and BSE was the designated stock exchange for the issues listed as item 2 and 3. Therefore price information and benchmark index values have been/will be shown only for designated stock exchange. NIFTY and SENSEX have been used as the benchmark indices.
- iii. In case of reporting dates falling on a trading holiday, values for the trading day, immediately following the trading holiday have been considered.
- iv. Since 90 and 180 calendar days from listing date has not elapsed for Dixon Technologies (India) Limited, data for the same is not available.

Table 2: Summary statement of disclosure Price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Bank Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Million)	No. of IPOs trading at discount - 30th calendar day from listing			No. of IPOs trading at premium - 30th calendar day from listing			No. of IPOs trading at discount - 180th calendar day from listing			No. of IPOs trading at premium - 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	2	9,442.80	-	-	2	-	-	-	-	-	-	1	-	-
2016-2017	1	3,610.00	-	-	1	-	-	-	-	1	-	-	-	-
2015-2016**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\*As on the date of RHP

\*\* From October 21, 2015, the date of registration under SEBI (Merchant Banker) Regulations 1992,

Notes:

- i. Date of listing of equity shares has been considered for calculating total no. of IPOs in a particular financial year.
- ii. The discount/premium has been/will be calculated based on the closing stock price.
- iii. Since 180 calendar days from listing date has not elapsed for Dixon Technologies (India) Limited, data for the same is not available. Hence the same has not been considered while calculating no. of IPOs trading at discount/premium on 180<sup>th</sup> calendar day from listing for Dixon Technologies (India) Limited.

#### **Track record of past issues handled by the BRLMs**

For details regarding the track record of the Manager, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs as set forth in the table below:

<b>Sl. No</b>	<b>Name of the BRLMs</b>	<b>Website</b>
1.	Axis Capital Limited	<a href="http://www.axiscapital.co.in">www.axiscapital.co.in</a>
2.	IDFC Bank Limited	<a href="http://www.idfcbank.com">www.idfcbank.com</a>

## **Consents**

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Statutory Auditors, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the BRLMs, Bankers to our Company, the BRLMs, the Syndicate Members, Bankers to the Offer, the Registrar to the Offer, to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI Regulations, our Statutory Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, have given their written consent for inclusion of their reports dated August 24, 2017 on the Restated Financial Statements of our Company and the statement of tax benefits dated June 30, 2017 in the form and context, included in this Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Red Herring Prospectus for filing with SEBI.

## **Expert to the Offer**

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

Our Company has received written consent from the Statutory Auditors namely, M/s Deloitte Haskins & Sells, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “Expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of the reports of the Statutory Auditors on the Restated Financial Statements dated August 24, 2017 and the statement of tax benefits dated June 30, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus. The term expert and consent thereof, does not represent an expert or consent within the meaning under the Securities Act.

## **Offer Expenses**

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, bidding charges, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees, filing fees, auditor’s fees and listing fees. For further details of Offer expenses, please see the section entitled “*Objects of the Offer*” on page 77.

Expenses for the Offer shall be shared amongst the Company and the Selling Shareholders in the manner specified in the section entitled “*Objects of the Offer - Offer Expenses*” on page 79.

## **Fees Payable to the Registrar to the Offer**

The fees payable by our Company and the Selling Shareholders to the Registrar to the Offer for processing of applications, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated June 15, 2017 entered into, between our Company, the Selling Shareholders and the Registrar to the Offer a copy of which is available for inspection at the Registered and Corporate Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/ speed post/ under certificate of posting.

## **IPO grading**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for the Offer.

## **Particulars regarding public or rights issues by our Company during the last five years**

Our Company has not made any public or rights issues during the five years preceding the date of this Red Herring Prospectus.

## **Previous issues of Equity Shares otherwise than for cash**

Except as disclosed in the section entitled “*Capital Structure – Issue of Equity Shares for consideration other than cash or out of revaluation reserves*” on page 62, our Company has not issued any Equity Shares for consideration otherwise than for cash.

**Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares**

Since this is the initial public issue of Equity Shares, no sum has been paid or is 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.

**Previous capital issue during the previous three years by listed Group Companies of our Company**

None of our Group Companies of our Company are listed as on the date of this Red Herring Prospectus.

**Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Companies**

Except as disclosed in the section entitled “*Capital Structure*” on page 60 our Company has not undertaken any previous public or rights issue. None of our Group Companies of our Company have undertaken any public or rights issue in the last ten years preceding the date of the Draft Red Herring Prospectus.

**Outstanding Debentures or Bonds**

There are no outstanding debentures or bonds of our Company as of the date of filing this Red Herring Prospectus.

**Outstanding Preference Shares or convertible instruments issued by our Company**

Our Company does not have any preference shares or convertible instruments as of the date of filing this Red Herring Prospectus.

**Partly Paid-up Equity Shares**

Our Company does not have any partly paid-up Equity Shares as on the date of this Red Herring Prospectus.

**Stock Market Data of Equity Shares**

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

**Fees, Brokerage and Selling Commission Payable to the Syndicate Members**

The total fees payable to the Syndicate Members (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as stated in the Syndicate Agreement, copies of which will be made available for inspection at the Registered Office from the date of this Red Herring Prospectus until the Offer Closing Date. For further details, see “*Objects of the Offer*” on page 77 of this Red Herring Prospectus.

**Commission payable to SCBS, Registered Brokers, RTAs and CDPs**

For details of the commission payable to SCBS, Registered Brokers, RTAs and CDPs please see the section entitled “*Objects of the Offer*” on page 77.

**Redressal of Investor Grievances**

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to 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, Bidder DP ID, Client ID, PAN, date of the submission of 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.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

#### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 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.

Our Company has also appointed Abhijit Dan, Company Secretary of our Company as the Compliance Officer for the Offer. For details, please see the section entitled "*General Information*" on page 52.

There are no listed companies under the same management as our Company.

Our Company has constituted a Stakeholders Relationship Committee comprising of Ashoke Kumar Dutta, Siddhartha Roy Burman and Prof. (Dr.) Surabhi Banerjee as members. For further details on the Stakeholders Relationship Committee, see "*Our Management*" on page 133 of this Red Herring Prospectus.

#### **Changes in Auditors**

There has been no change in the statutory auditors in the last three years.

#### **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time during the last five years, except as stated in the section entitled "*Capital Structure*" on page 60.

#### **Revaluation of Assets**

Our Company has not re-valued its assets at any time in the last five years.

## **SECTION VII: OFFER INFORMATION**

### **TERMS OF THE OFFER**

The Equity Shares being Allotted pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of this 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 Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Offer.

#### **Offer for Sale**

The Offer comprises an Offer for Sale by the Selling Shareholders.

Expenses for the Offer shall be shared amongst the Company and the Selling Shareholders in the manner specified in the section entitled “*Objects of the Offer- Offer Expenses*” on page 79.

#### **Ranking of the Equity Shares**

The Equity Shares being issued and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the MoA and AoA and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allotees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see the section entitled “*Main Provisions of Articles of Association*” on page 320.

#### **Mode of Payment of Dividend**

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, the Memorandum and Articles of Association and provisions of the SEBI Listing Regulations. For further details, in relation to dividends, please see the sections entitled “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” on pages 158 and 320, respectively.

#### **Face Value and Offer Price**

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Investor Selling Shareholder in consultation with the BRLMs and advertised in all editions of Financial Express (a widely circulated English national daily newspaper) and all editions of Jansatta (a widely circulated Hindi national daily newspaper) and Kolkata edition of Kalantar Patrika (a widely circulated Bengali daily newspaper, Bengali being the regional language of West Bengal where our Registered and Corporate Office is located), at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

#### **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity 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 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 RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the 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, please see the section entitled "*Main Provisions of Articles of Association*" on page 320.

### **Market Lot and Trading Lot**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 15, 2007 amongst NSDL, our Company and the Registrar to the Offer;
- Agreement dated November 8, 2007 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer 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.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Kolkata.

### **Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **Withdrawal of the Offer**

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

#### **Bid/Offer Programme**

<b>BID/OFFER OPENS ON</b>	November 2, 2017*
<b>BID/OFFER CLOSES ON</b>	November 6, 2017

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

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

<b>Event</b>	<b>Indicative Date</b>
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about November 10, 2017
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about November 13, 2017
Credit of Equity Shares to demat accounts of Allottees	On or about November 13, 2017
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about November 14, 2017

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Investor Selling Shareholder or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Investor Selling Shareholder, 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/Offer Period (except the Bid/Offer 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/Offer Closing Date</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and
- (ii) 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 Bid/Offer 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 BRLMs 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.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and in any case no later than 3.00 p.m. IST on the Bid/Offer Closing Date. Any time mentioned in this Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer 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 Offer. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

In case of any discrepancy in the data entered in the electronic book vis-a-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. 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 the Cap Price will be revised accordingly, but the Floor Price shall not be less than the face value of the Equity Share.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer 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.**

**Minimum Subscription**

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to at least 25% post-Offer paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b)(i) of the SCRR), including devolution of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, 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.

Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc. for the Equity Shares being offered in the Offer will be reimbursed by the Selling Shareholders to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholders in the Offer.

#### **Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, Promoters' minimum contribution and the Anchor Investor lock-in as provided in the section entitled "*Capital Structure*" on page 60 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details please see the section entitled "*Main Provisions of the Articles of Association*" on page 320.

#### **Option to Receive Securities in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be allotted only in dematerialised form. Further, as per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

## OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹ [●] aggregating up to ₹ [●] million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 500 million by our Company and the Offer of Sale of up to 6,574,093 Equity Shares aggregating up to ₹ [●] by the Selling Shareholders. The Offer will constitute [●]% of our post-Offer paid-up Equity Share capital. The face value of equity shares is ₹10 each.

The Offer 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>	[●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/allocation	50% of the Offer size shall be available for allocation to QIBs. However, up to 5% of the net 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. Any unsubscribed portion in the Mutual Fund reservation will be added to the QIB Portion (other than Anchor Investor Portion).	Not less than 15% of the Offer, or the Offer less allocation to QIB Bidders and Retail Individual Investors shall be available for allocation.	Not less than 35% of the Offer, or the Offer less allocation to QIB Bidders and Non-Institutional Investors shall be available for allocation
Basis of Allotment/allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors	Proportionate	The allotment to each Retail Individual Investor 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, please see the section entitled " <i>Offer Procedure – Part B – Allotment Procedure and Basis of Allotment</i> " on page 308
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 in multiples of [●] Equity Shares	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to limits applicable to each Bidder	Such number of Equity Shares in multiples of [●] Equity	Such number of Equity Shares in multiples of [●] Equity

<b>Particulars</b>	<b>QIBs<sup>(1)</sup></b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
		Shares not exceeding the size of the Offer, subject to limits applicable to each Bidder	Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
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, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, 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.	Resident 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 Form at the time of submission of the ASBA Form <sup>(3)</sup>		

\* Assuming full subscription in the Offer

- (1) Our Company and the Investor Selling Shareholder may, in consultation with the BRLMs allocate up to 60% 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. For details, please see the section entitled "Offer Structure" on page 274.
- (2) Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b)(i) of the SCRR and under the SEBI Regulations.
- (3) Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form. For details of terms of payment applicable to Anchor Investors, please see section entitled "Offer Procedure -Section 7: Allotment Procedure and Basis of Allotment" on page 308.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company, the Investor Selling Shareholder, the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b)(i) of the SCRR, the Company, the Selling Shareholders and the BRLMs shall first ensure Allotment of Equity Shares towards 90% of the Fresh Issue followed by Allotment proportionately towards the balance Fresh Issue, and the Equity Shares offered by the Investor Selling Shareholder and the Promoter Selling Shareholder.

**Please note that non-residents are not permitted to participate in the Offer, except (i) FPIs (investing under the portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations); and (ii) Eligible NRIs (investing on a non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations). Further, other non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the existing policy of the Government of India, OCBs cannot participate in this Offer.**

## **OFFER PROCEDURE**

*All Bidders should review the General Information Document for Investing in Public Offer prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) included below under “Part B – General Information Document”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Our Company, the Selling Shareholders and the BRLMs 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 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 Red Herring Prospectus.*

## **PART A**

### **Book Building Procedure**

The Offer is being made through the Book Building Process wherein at least 50% of the Offer shall be Allotted to QIBs on a proportionate basis, provided that our Company and the Investor Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI 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. 5% 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 Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer 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 and the Investor Selling Shareholder in consultation with the BRLMs 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 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.**

### **Bid cum Application Form**

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Bid/Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation 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.

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.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

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 and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents FPIs	Blue
Anchor Investors	White

\* Excluding electronic Bid cum Application Form

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account, 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.

#### **Participation by Promoters, Promoter Group, the BRLMs the Syndicate Members and persons related to the Promoters/Promoter Group/BRLMs**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, 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 BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLMs nor any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs), Promoters and Promoter Group can apply in the Offer under the Anchor Investor Portion.

#### **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 and the Investor Selling Shareholder reserve 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**

Please note that Eligible NRIs may participate in the Offer only on a non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations. Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

#### **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-Offer Equity Share capital. Further, in terms of the FEMA Regulations, 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. 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 the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Further, in terms of the FEMA Regulations, 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. 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 the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits for an FPI in our Company are not exceeding 10% and 49% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investor and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

#### **Bids by SEBI registered VCFs and AIFs**

The SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on AIFs and VCFs registered with SEBI.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A category III AIF cannot invest more than 10% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up.

**Non residents such as FVCIs, multilateral and bilateral development financial institutions are not eligible to participate in this Offer. Any application received from such category of investor(s) or application wherein a foreign address is provided by the depositories are liable to be rejected.**

**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 and the Investor Selling Shareholder in consultation with the BRLMs 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 and the Investor Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Master Circular dated July 1, 2015 – Parabanking Activities, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the investment in a non-financial services company by a banking company together with its subsidiaries, associates, joint ventures, entities directly or indirectly controlled by the bank and mutual funds managed by asset management companies controlled by the banking company cannot exceed 20% of the investee company's paid-up share capital. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

#### *Bids by SCSBs*

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

#### **Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs 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, 2000 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 belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDA 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 ₹250 million, 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 and the Investor Selling Shareholder in consultation with the BRLMs 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 ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Investor Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 Red Herring Prospectus.**

### **General Instructions**

#### ***Do's:***

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;
6. 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;
7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;
11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. 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 IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for

investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

13. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
14. Ensure that the category and the investor status is indicated;
15. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
16. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
17. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN 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; and
18. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.

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 for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);
3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
7. Do not submit the Bid for an amount more than funds available in your ASBA account.
8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
9. 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;
10. 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).
11. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

12. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Designated Intermediary;
13. Do not Bid for shares more than specified by respective Stock Exchanges for each category;
14. 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 Bidder; and
15. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location 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.

#### **Payment into Escrow Account for Anchor Investors**

Our Company and the Investor Selling Shareholder in consultation with the BRLMs, 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: "Khadim Public Offer – Anchor Investor – R"
- (b) In case of Non-Resident Anchor Investors: "Khadim Public Offer – Anchor Investor – R"

#### **Pre- Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in: (i) all editions of Financial Express (a widely circulated English national daily newspaper), (ii) all editions of Jansatta (a widely circulated Hindi national daily newspaper) and (iii) Kolkata edition of Kalantar Patrika (a widely circulated Bengali daily newspaper, Bengali being the regional language of West Bengal where our Registered and Corporate Office is located).

#### **Signing of the Underwriting Agreement and the RoC Filing**

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer 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 Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

#### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

**"Any person who:**

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public

interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

### **Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- it shall not have any recourse to the proceeds of the Fresh Issue until final listing and trading approvals have been received from the Stock Exchanges;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date will be taken;
- if Allotment is not made application money will be refunded/unblocked in ASBA Account within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allotees.
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and
- except for any allotment of Equity Shares to employees of our Company pursuant to exercise of options granted under the Employee Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

### **Undertakings by the Selling Shareholders**

The Selling Shareholders undertake severally and not jointly that:

- the Equity Shares being sold by it pursuant to the Offer have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- the Equity Shares being sold by it pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer and shall be transferred to the eligible investors within the time specified under applicable law;
- it shall provide appropriate instructions and all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs for the 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

within six Working Days from the Bid/Offer Closing Date of the Offer and in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

### **Utilisation of Offer Proceeds**

The Board of Directors certify that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;
- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- the utilisation of monies received under the Promoters' contribution, if any, shall be disclosed, and continue to be disclosed till the time any part of the Offer Proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under the Promoters' contribution, if any, shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

## PART B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Company and the Offer, and should carefully read this Red Herring Prospectus/Prospectus before investing in the Offer.*

*Non-Resident investors, except FPIs investing under the portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations; and Eligible NRIs investing on a non-repatriation basis in compliance with Schedule 4 of the FEMA Regulations, are not permitted participate in the Offer. Bidders should note that this General Information Document has not been updated to reflect the above terms of the Offer and Bidders should refer to “Offer Procedure – Part A” on page 277 for details.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI Regulations**”).

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus (“**RHP**”)/Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see “*Glossary and Abbreviations*”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

##### 2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

##### 2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI Regulations. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

### **2.3 Other Eligibility Requirements:**

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI Regulations, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the “SCRR”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

### **2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues**

In accordance with the provisions of the SEBI Regulations, an Issuer can either determine the Offer Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Offer (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

### **2.5 ISSUE PERIOD**

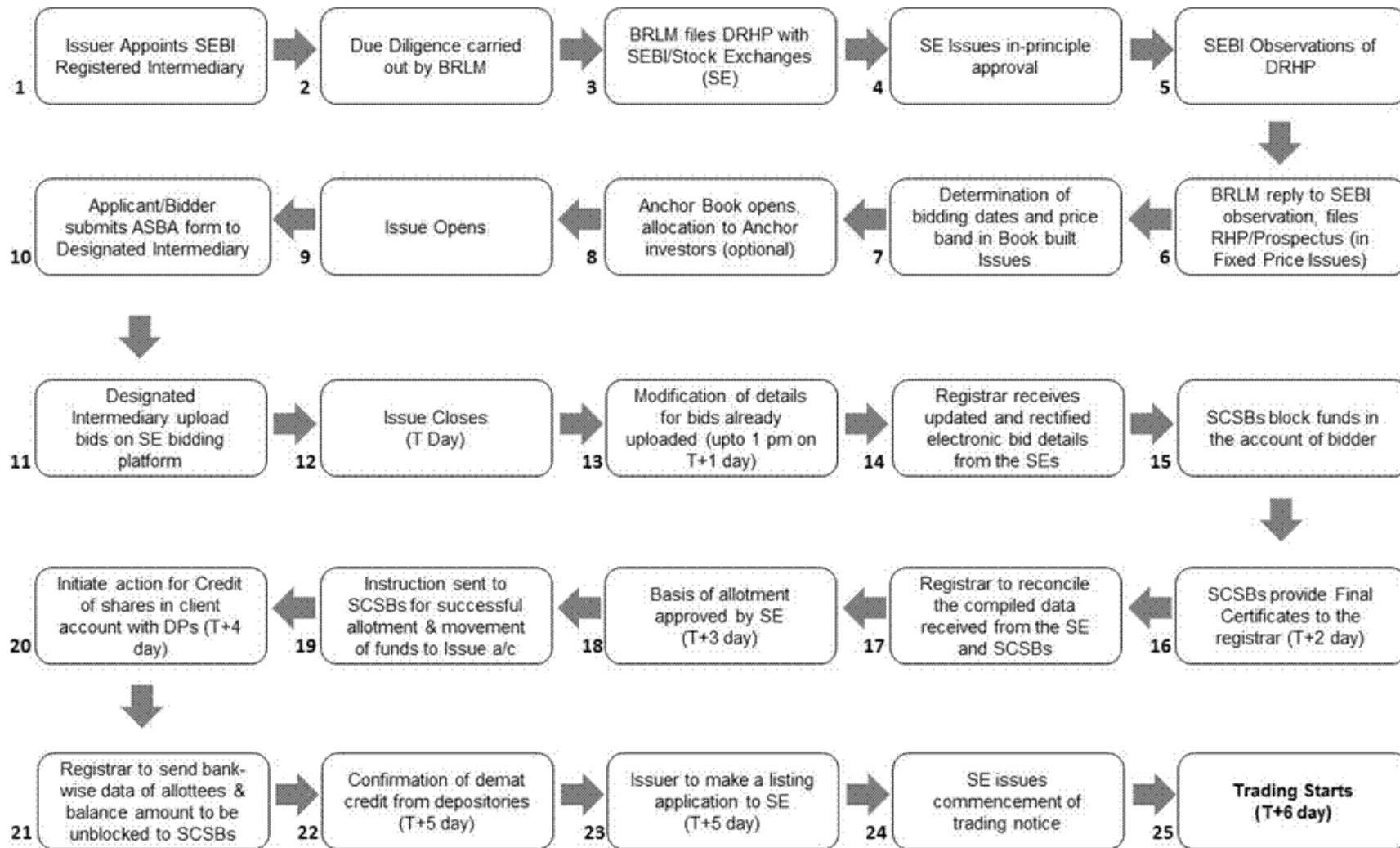
The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

### **2.6 FLOWCHART OF TIMELINES**

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - i. Step 7 : Determination of Offer Date and Price
  - ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries



### **SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE**

**Each Bidder/Applicant should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: “Name of sole or first 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;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

### **SECTION 4: APPLYING IN THE ISSUE**

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the Registered and

Corporate Office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

<b>Category</b>	<b>Colour of the Bid cum Application Form</b>
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

#### **4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM**

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : ..... Contact Details : ..... CIN No : .....	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS								
LOGO	TO : THE BOARD OF DIRECTORS XYZLIMITED	Bid cum Application Form No. : .....								
	BOOK BUILT ISSUE ISEN : .....									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">SYNDICATE MEMBER'S STAMP &amp; CODE</td> <td style="width: 70%;">BROKER/SCSB/DP/RTA STAMP &amp; CODE</td> </tr> <tr> <td>SUB-BROKER'S / SUB-AGENT'S STAMP &amp; CODE</td> <td>SCSB/BANK/SCSB BRANCH STAMP &amp; CODE</td> </tr> <tr> <td colspan="2">BANK BRANCH SERIAL NO.</td> </tr> <tr> <td colspan="2">SCSB SERIAL NO.</td> </tr> </table>		SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	SCSB/BANK/SCSB BRANCH STAMP & CODE	BANK BRANCH SERIAL NO.		SCSB SERIAL NO.		I. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER  Mr. / Ms. : ..... Address : ..... Email : ..... Tel. No (with STD code) / Mobile : .....
SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE									
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	SCSB/BANK/SCSB BRANCH STAMP & CODE									
BANK BRANCH SERIAL NO.										
SCSB SERIAL NO.										
		II. PAN OF SOLE / FIRST BIDDER								
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		<b>4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")</b>	<b>5. INVESTOR STATUS</b>							
Bid Options Option 1 (OR) Option 2 (OR) Option 3	No. of Equity Shares Bid (In Figures) (Bid must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹) / "Cut-off" (Max. in multiples of ₹ 1/- only) (In Figures)	<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non-Institutional Bidder <input type="checkbox"/> QIB							
		Bid Price								
	4   7   6   3   4   3   2   1	8   1   2   1   3   2   1   1								
		"Cut-off" (Please tick)								
<b>7. PAYMENT DETAILS</b>		<b>PAYMENT OPTION : FULL PAYMENT</b> <input type="checkbox"/> <b>PART PAYMENT</b> <input type="checkbox"/>								
Amount paid (₹ in figures) _____ (₹ in words) _____										
ASBA Bank Ac No. _____										
Bank Name & Branch _____										
<small>DW/ON BEHALF OF joint APPLICANTS, IF ANY, HEREBY CONFIRM THAT DW/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED DOCUMENTS AND THE GENERAL INFORMATION DOCUMENT FOR INITIAL PUBLIC ISSUES ("IPI") AND HEREBY AGREE AND CONFIRM THE "BIDDER'S UNDERSTANDING" AS GIVEN OVERLEAF. DW/ON BEHALF OF joint APPLICANTS, IF ANY, HEREBY CONFIRM THAT DW/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.</small>										
<b>8A. SIGNATURE OF SOLE/ FIRST BIDDER</b> <small>DW/ON BEHALF OF joint APPLICANTS, IF ANY, HEREBY CONFIRM THAT DW/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED DOCUMENTS AND THE GENERAL INFORMATION DOCUMENT FOR INITIAL PUBLIC ISSUES ("IPI") AND HEREBY AGREE AND CONFIRM THE "BIDDER'S UNDERSTANDING" AS GIVEN OVERLEAF.</small>		<b>8B. SIGNATURE OF ASRA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> <small>DW/WE AUTHORIZE THE SCSCB TO DISCLOSE ALL INFORMATION NECESSARY TO MAKE THE APPLICATION IN THE NAME</small>								
<small>1) 2) 3)</small>		<small>ASRA / SCSCB / DP / RTA SCSAM (A client holding option to bid in Stock Exchange system)</small>								
Date : .....		TEAR HERE								
LOGO	XYZ LIMITED INITIAL PUBLIC ISSUE - R		Bid cum Application Form No. : .....							
			PAN of Sole / First Bidder : .....							
DPID / CLID : .....										
Amount paid (₹ in figures) _____		Bank & Branch _____								
ASBA Bank Ac No. _____		Stamp & Signature of SCSCB Branch _____								
Received from Mr/Ms. _____ Telephone / Mobile _____ Email _____										
TEAR HERE										
<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b>		Option 1    Option 2    Option 3 No. of Equity Shares _____ Bid Price _____ Amount Paid (₹) _____ ASBA Bank Ac No. _____ Bank & Branch _____								
		Stamp & Signature of Broker / SCSCB / DP / RTA _____ Name of Sole / First Bidder _____ <b>Acknowledgement Slip for Bidder</b> <small>Bid cum Application Form No. : .....</small>								

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : ..... Contact Details: ..... CIN No .....	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS				
LOGO	TO, THE BOARD OF DIRECTORS XYZ LIMITED	BOOK BUILT ISSUE ISIN : .....				
SYNDICATE MEMBER'S STAMP & CODE		BROKER/SCSB/DP/RTA STAMP & CODE				
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE		BECROW BANK/SCSB BRANCH STAMP & CODE				
BANK BRANCH SERIAL NO.		SCSB SERIAL NO.				
1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER						
Mr. / Ms. _____ Address _____ Email _____ Tel. No. (with STD code) / Mobile _____						
2. PAN OF SOLE / FIRST BIDDER						
3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL						
For NSDL enter 8 digit DP ID followed by 4 digit Client ID / For CDSL enter 16 digit Client ID						
4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")						
Bid Options:	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)		Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
			Bid Price	Retail Discount	Net Price	"Cut-off" (Please tick)
			8   7   6   5   4   3   2   1	3   2   1	3   2   1	<input type="checkbox"/>
	Option 1					
(OR) Option 2						
(OR) Option 3						
5. CATEGORY						
<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> FIISIA FI Sub-account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investors <input type="checkbox"/> OTH Others (Please Specify) _____						
6. INVESTOR STATUS						
I/we (on behalf of joint applicants, if any) hereby confirm that I/we have read and understood the terms and conditions of this Bid Cum Application Form and the attached annexed prospectus and the general information document for investing in public issues ("GID") and hereby agree and confirm the "Bidders Undertaking" as given overleaf. I/wi (on behalf of joint applicants, if any) hereby confirm that I/we have read the instructions for filling up the Bid Cum Application Form given overleaf.						
7. PAYMENT DETAILS						
Amount paid (₹ in figures) _____ (₹ in words) _____						
ASBA _____ Bank A/c No. _____ Bank Name & Branch _____						
PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>						
8. SIGNATURE OF SOLE/ FIRST BIDDER						
9. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)						
I/we authorize the SCSB to do all acts as are necessary to make the Application in the name 1) 2) 3)						
BROKER/ SCQB / DP / RTA STAMP(Acknowledging upload of Bid in Stock Exchange system)						
TEAR HERE						
LOGO	XYZ LIMITED INITIAL PUBLIC ISSUE - NR	Acknowledgement Slip for Broker/SCSB/ DP/RTA				
Bid cum Application Form No. _____						
PAN of Sole / First Bidder _____						
DPID / CLID _____						
Amount paid (₹ in figures) _____ Bank & Branch _____ Stamp & Signature of SCSB Branch _____						
ASBA Bank A/c No. _____						
Received from Mr./Ms. _____						
Telephone / Mobile _____ Email _____						
TEAR HERE						
XYZ LIMITED - INITIAL PUBLIC ISSUE - NR						
Stamp & Signature of Broker / SCSB / DP / RTA						
Name of Sole / First Bidder _____						
Acknowledgement Slip for Bidder						
Bid cum Application Form No. _____						

#### 4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- (c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders.
- (d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:  
*“Any person who:*
- (d) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
  - (e) *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*
  - (f) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*
- shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

#### 4.1.2 FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT

- (a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN Exempted

Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders/Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositaries.

#### 4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.
- (c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

#### 4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).
- (c) **Cut-Off Price:** Retail Individual Bidders or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum

application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

- (e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.
- (b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.
- (c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.
- (d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.
- (e) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Offer size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.  
 Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
  - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

#### **4.1.5 FIELD NUMBER 5: CATEGORY OF BIDDERS**

- (a) The categories of Bidders identified as per the SEBI Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.
- (d) The SEBI Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

#### **4.1.6 FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

- (b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

#### **4.1.7 FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- (b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, through money order or through postal order.

##### **4.1.7.1 Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
- (b) Payments should be made either by direct credit, RTGS or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

##### **4.1.7.2 Payment instructions for ASBA Bidders**

- (a) Bidders may submit the ASBA Form either
  - i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- (b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- (c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

- (f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.
- (h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

#### **4.1.7.3 Discount (if applicable)**

- (a) The Discount is stated in absolute rupee terms.

- (b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### **4.1.8 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

#### **4.1.9 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of 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.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had

placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: BID OPTIONS REVISION ‘FROM’ AND ‘TO’**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible, shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.
- (b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may

be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

- (d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

#### 4.2.4 FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

#### 4.3.1 FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT

- (a) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIBs, Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Offer size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:
- All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
  - For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have

the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

- (i) The following applications may not be treated as multiple Bids:
  - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.
  - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
  - iii. Applications by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### **4.3.3 FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI Regulations for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.
- (c) The SEBI Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

#### **4.3.4 FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### **4.3.5 FIELD 7: PAYMENT DETAILS**

- (a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue
- (b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

##### **4.3.5.1 Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### **4.3.5.2 Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

##### **4.3.5.3 Discount (if applicable)**

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

#### **4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### **4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM**

4.4.1 **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Form	1) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the DP at the Designated DP Location 2) To the Designated Branches of the SCSBs

- (a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.
- (b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.
- (c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

## **SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE**

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

### **5.1 SUBMISSION OF BIDS**

- (a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Manager, to register their Bid.
- (b) In case of Bidders/Applicants (excluding NIBs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

### **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Offer 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 p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

### **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Offer Period.

### **5.4 WITHDRAWAL OF BIDS**

- (a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

### **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - i. the Bids accepted by the Designated Intermediary,
  - ii. the Bids uploaded by the Designated Intermediary, and
  - iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.
- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

#### **5.5.1 GROUNDS FOR TECHNICAL REJECTIONS**

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

- (a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids/Applications by OCBs;
- (c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;
- (e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (k) Bids/Applications at Cut-off Price by NIBs and QIBs;
- (l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (n) Submission of more than five ASBA Forms/Application Forms per ASBA Account;
- (o) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares as specified in the RHP;
- (p) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (q) Bids not uploaded in the Stock Exchanges bidding system.
- (r) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (s) Where no confirmation is received from SCSB for blocking of funds;
- (t) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;
- (u) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;

- (v) Bids/Applications not uploaded on the terminals of the Stock Exchanges;
- (w) Bids/Applications by SCSSBs wherein a separate account in its own name held with any other SCSSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

## **5.6 BASIS OF ALLOCATION**

- (a) The SEBI Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.
- (b) Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- (c) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

### **(d) Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the price band. For instance, assume a price band of ₹ 20 to ₹ 24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Price (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.70%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.70%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, i.e., at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

### **(e) Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares

have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

## **SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE**

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer.** As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“ASBA Account”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

## **SECTION 7: 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. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. 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 Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

### **7.1 ALLOTMENT TO RIBs**

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer 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 Category at or above the Offer 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 Allotees**”). The Allotment to the RIBs will then be made in the following manner:

- (a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allotees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the 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).

- (b) In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allotees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.2 ALLOTMENT TO NIBS**

Bids received from NIBs at or above the Offer 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 Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer 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 Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

## **7.3 ALLOTMENT TO QIBs**

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI Regulations or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;
- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

## **7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)**

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:
  - i. not more than 60% of the QIB Category 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 ₹100 million;
    - Minimum of 2 and maximum of 15 Anchor Investors for allocation above ₹100 million and upto ₹2500 million, subject to minimum allotment of ₹50 million per such Anchor Investor; and

- In case of allocation above ₹2,500 million, a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation upto ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.
- (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 the Issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Offer Price is higher than the Anchor Investor Offer 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 Offer Price and the Anchor Investor Offer 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 Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## **7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE**

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI 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.

## **7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Offer. 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 RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

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 Offer.
- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories within six Working Days of the Bid/Offer Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

## **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer involving a Fresh Issue and an Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

## **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allotees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

## **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI Regulations comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### **8.3.1 Electronic mode of making refunds for Anchor Investors**

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NACH**—National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Anchor Investors having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on

- a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;
- (b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
  - (c) **RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.
  - (d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

#### **8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within the 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

#### **SECTION 9: GLOSSARY AND ABBREVIATIONS**

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI Regulations and the Red Herring Prospectus.
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 Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors

<b>Term</b>	<b>Description</b>
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Offer/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	The date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI Regulations. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI Regulations, in terms of which the Offer is being made
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.

<b>Term</b>	<b>Description</b>
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Saturday (except 2 <sup>nd</sup> and 4 <sup>th</sup> Saturday of a month and public holidays)
CAN/Confirmation of Allocation Note	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/Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants.  The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept 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 funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs.  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> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI Regulations.

<b>Term</b>	<b>Description</b>
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI Regulations and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI Regulations, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum 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.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non Institutional Bidders or NIBs	All Bidders/Applicants, including FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form

<b>Term</b>	<b>Description</b>
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Issue Account	A Bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate

<b>Term</b>	<b>Description</b>
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI Regulations
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on  <a href="http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html">http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html</a>
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	All trading days of Stock Exchanges, excluding Sundays and holidays for commercial banks in Mumbai.

## **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. DIPP, issued the Consolidated FDI Policy Circular of 2017 (“**FDI Policy**”), 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 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 transfer does not attract the 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 the guidelines prescribed by the SEBI/RBI.

Non-residents such as FVCIs, multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

FPIs can invest in this Offer under the portfolio investment scheme in compliance with the provisions of Schedule 2 and Schedule 2A of the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) Regulations, 2000 (“**FEMA Regulations**”); and Eligible NRIs can invest in this Offer on a non-repatriation basis to the extent of 49%, in compliance with the provisions of Schedule 4 of the FEMA Regulations, without approval of the FIPB or compliance of sectoral conditions, if such investment does not result in the transfer of ownership and/or control of the Indian entity from Indian citizens to non-resident entities.

**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, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in accordance with any applicable U.S. state securities laws.**

**The Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.**

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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.

## **SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION**

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency between Part A and Part B, the provisions of Part B shall be applicable. However, Part B shall automatically terminate and cease to have any force and effect from the date of listing of shares of the Company on a stock exchange in India subsequent to an initial public offering of the Equity Shares of the Company without any further action by the Company or by its shareholders.

### **PART A**

#### **PRELIMINARY**

##### **1. PUBLIC COMPANY**

The Company is a public company within the meaning of Section 2(71) of the Act and accordingly:

- (a) is not a private company;
- (b) has a minimum paid-up share capital as per Law;
- (c) has minimum of seven (7) members. Also, where two (2) or more persons hold one (1) or more shares in the Company jointly, they shall, for purposes of this provision, be treated as a single Member.

##### **2. SHARE CAPITAL**

- (a) The Authorized Share Capital of the Company shall be such as given in Clause V of the Memorandum of Association as altered from time to time.
- (b) The Share Capital of the Company may be classified into Equity Shares and / or Preference Shares with differential rights as to Dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.
- (c) The Paid up Share Capital shall be at all times at least a minimum of such amount as may be prescribed under the Act.
- (d) All Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to Dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.
- (e) The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.
- (f) Subject to these Articles and the provisions of section 55 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, determine.
- (g) The Board may allot and issue Shares of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and / or in the conduct of its business or for any goodwill provided to the Company; and any shares which may be so allotted may be issued as fully / partly paid up shares and if so issued shall be deemed as fully / partly paid up shares. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.
- (h) The amount payable on application on each share shall not be less than 5% (five percent) of the nominal value of the share or, as may be specified by SEBI.

- (i) Nothing herein contained shall prevent the Directors from issuing fully Paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company, subject to Law.
- (j) The fully paid Shares shall be free from all lien and that in the case of partly paid Shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such Shares.
- (k) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity 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 instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.
- (l) All of the provisions of these Articles shall apply to the Shareholders.
- (m) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity 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 of Members shall for the purposes of these Articles be a Shareholder.
- (n) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.
- (o) Subject to the terms of these Articles, the Company in a general meeting upon the recommendation of the Board may consider offering shares of the Company to its employees including whole-time functional Directors under employee stock option plan or directly or through a committee, appointed by the Board. The allotment of such shares under this plan shall be in terms of the extant provisions in the Act, rules, regulations and guidelines of all the applicable statutes, from time to time.
- (p) The issue of certificates of shares or of duplicate or renewal of certificates of shares shall be governed in accordance with Article 9 of these Articles. The directors may also comply with the provisions of such rules or regulations of any depository with which shares of the Company are being dematerialized and with any of such stock exchange with which the Company gets listed at any point of time.
- (q) The Board may, in accordance of Article 16 of these Articles, from time to time, with the sanction of the Company in General Meeting by Ordinary Resolution increase the share capital of the Company by such sum to be Divided into shares of such amount and of such classes with such rights and privileges attached thereto as the General Meeting shall direct by specifying the same in the resolution and if no directions be given, as the Board may determine.
- (r) The Company may by Ordinary Resolution:
  - (i) Consolidate classify, re-classify and divide all or any of its share capital into shares on larger amount than its existing shares:
 

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;
  - (ii) Subdivide its existing shares or any of them into shares of similar amount than is fixed by the Memorandum so however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived subject nevertheless to the provisions of Section 61 of the Act; and
  - (iii) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so

cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of share capital within the meaning of the Act.

(s) The Company may, in accordance of Article 16 of these Articles, reduce in any manner, from time to time, by special resolution:

- (i) Its share capital; and
- (ii) Any capital redemption reserve fund or any share premium account.

### 3. **SECURITIES**

The Company shall, subject to the applicable provisions of the Act, compliance with Law and the consent of the Board, have the power to issue Securities on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

### 4. **DEMATERIALIZATION OF SECURITIES**

- (a) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and / or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.
- (b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the Securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act as amended from time to time.
- (c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.
- (d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

#### (e) **Securities in Depositories to be in fungible form:**

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88 and 89 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

#### (f) **Rights of Depositories & Beneficial Owners:**

- (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.
- (ii) Save as otherwise provided in (i) above, the Depository as the registered owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.
- (iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.
- (iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) **Register and Index of Beneficial Owners:**

The Company shall cause to be kept a register and index of Shareholders with details of shares held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of Shareholders for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a part of the register for the members resident in that state or country.

(h) **Cancellation of Certificates upon surrender by Person:**

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(i) **Service of Documents:**

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(j) **Transfer of Securities:**

- (i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
- (ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(k) **Allotment of Securities dealt with by a Depository:**

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(l) **Certificate Number and other details of Securities in Depository:**

Nothing contained in the Act or these Articles regarding the necessity of having certificate number / distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(m) **Provisions of Articles to apply to Shares held in Depository:**

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(n) **Depository to furnish information:**

Every Depository shall furnish to the Company information about the transfer of Securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(o) **Option to opt out in respect of any such Security:**

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfilment of such conditions and on payment of such fees as may be specified by the Depositories Act and Securities and Exchange Board of India (Depositories and Participants) Regulations, issue the certificate of Securities to the Beneficial Owner or the transferee as the case may be.

(p) **Overriding effect of this Article:**

Provisions of this Article 6 will have full effect and force notwithstanding anything to the contrary or inconsistent contained in any other Articles in Part A.

**5. COMMISSION AND BROKERAGE**

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or procuring subscription, (whether absolutely or conditionally), for any shares in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares, pay such brokerage as may be lawful.

**6. SHARES AT THE DISPOSAL OF THE DIRECTORS**

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium, at par or at a discount (subject to compliance with Section 53 and Section 54 of the Act) 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 of the Company either at par or premium during such time and for such consideration as the Board thinks fit and may issue and allot shares of the Company 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 of the Company which may be so allotted may be issued as fully Paid up shares of the Company and if so issued, shall be deemed to be fully paid up shares. Provided that option or right to call of shares of the Company shall not be given to any Person or Persons without the sanction of the Company in the General Meeting.

(b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

(c) Every Shareholder, or his heirs, Executors, or Administrators shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(d) In accordance with the applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled without payment, to receive one or more certificates specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company. Every such certificate shall be issued under the Seal of the Company which

shall be affixed in the presence of 2 (two) Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the 2 (two) Directors or their attorneys and the Secretary or other person shall sign the shares certificate(s), provided that if the composition of the Board permits, at least 1 (one) of the aforesaid 2 (two) Directors shall be a person other than a Managing Director(s) or an executive director(s). 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. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupees twenty (20).

- (iii) Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within 2 (two) months from the date of allotment, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be in the form and manner as specified in Article 8 (d) (i) above and 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 the first named joint holder shall be sufficient delivery to all such holders.
- (iv) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
- (iii) the Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable / marketable lot.
- (v) 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.

## 7. SHARES AND SHARE CERTIFICATES

- (a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.
- (b) A duplicate certificate of shares may be issued, if such certificate:
  - (i) is proved to have been lost or destroyed; or
  - (ii) has been defaced, mutilated or torn and is surrendered to the Company.
- (c) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be prima facie evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the prima facie evidence of the interest of the Beneficial Owner.
- (d) 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 is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems 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 Articles shall be issued without payment of fees if the

Directors so decide, or on payment of such fees (not exceeding Rupees twenty (20) for each certificate) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law including rules made under the Securities Contracts (Regulation) Act, 1956, as amended or any other Act, or rules applicable in this behalf.

The provisions of this Article shall mutatis mutandis apply to the debentures of the Company.

- (e) The provisions of this Article shall mutatis mutandis apply any other Securities of the Company.
- (f) When a new share certificate has been issued in pursuance of sub-article (c) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.
- (g) Where a new share certificate has been issued in pursuance of sub-articles (c) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.
- (h) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine-numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.
- (i) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (g) of this Article.
- (j) All books referred to in sub-article (i) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.
- (k) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all instalments and calls due in respect of such shares, and for all incidents thereof according to these Articles.
- (l) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

## 8. SHARE WARRANTS

The Company may issue share warrants subject to, and in accordance with, the provisions, if any, of the Act, and accordingly the Board may in its discretion, with respect to any Share which is fully Paid up, on application in writing signed by the 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 Person 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.

## 9. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

The Company may exercise the power of conversion of its shares into stock and in that case clause 37 of Table 'F' in Schedule I to the Act shall apply.

## 10. CALLS

- (a) Subject to the provisions of Section 49 of the Act, 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 circular resolution), make such call of such shares as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.
- (b) 14 (fourteen) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.
- (c) The joint holders of a share shall be jointly and severally liable to pay all installments and calls due in respect thereof.
- (d) 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 Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

### (e) **Restriction on Power to make calls and notice:**

No call shall exceed one-fourth of the nominal amount of share, or be made payable within 30 days' after the last preceding call was payable. Not less than, 14 days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

- (i) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being in respect of the share for which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate of 10 per cent interest per annum, from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

### (f) **Amount payable at fixed times or payable by installments as calls:**

If by the terms of issue of any share or otherwise any amount is made payable upon allotment or at any fixed time, or by investments at fixed time or 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 Board end of which due notice had been given, and all the provisions herein contained in respect of calls shall relate to amount or installment accordingly.

### (g) **Evidence in action by Company against shareholders:**

On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the

money is sought to be recovered appears entered on the Register of Members as the holder and that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and 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, nor that the meeting 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.

(h) **Payment of call in advance:**

The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance or so much thereof as 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 in respect of which such advance has been made, the Company may pay interest, as the Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

- (a) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable
- (b) The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company.

(c) **Revocation of calls:**

A call may be revoked or postponed at the discretion of the Board.

11. **FORFEITURE OF SHARES**

(a) **If call or Installment not paid notice may be given**

- (i) If any Shareholder fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or installment remains unpaid serve a notice on such Shareholder requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company for the reason of such non payment.
  - (ii) The notice shall name a day (not being less than 14 days from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment at or before the time and at the place appointed the shares in respect of which such call was made or installments is payable will be liable to be forfeited. If notice is not complied with shares in respect of which such notice was given may be forfeited.
- (b) If the requirements of any such notice as aforesaid, be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses due in respect thereof be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act.

(c) **Notice after forfeiture:**

When any share shall have been so forfeited, notice of the resolution shall be given to the Shareholder in whose name it stood immediately prior to the forfeiture and any entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make such entry as aforesaid.

(d) **Forfeited share to become property of the Company:**

Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit and the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to any person or persons entitled thereto.

(e) **Power of annual forfeiture:**

The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise annual forfeiture disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.

(f) **Liability on forfeiture:**

A person whose share has been forfeited shall cease to be a Shareholder in respect of the share forfeited but shall, notwithstanding remain liable to pay and shall forthwith pay to the Company all calls, or installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the date of forfeiture, until payment at such rate of interest per annum as the Board may determine and the Board may enforce the payment thereof, or any part thereof without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so. The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

(g) **Evidence of forfeiture:**

- (i) A duly verified declaration in writing that the declarant is a Director, the manager or the Secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(h) **Forfeiture provisions to apply to non-payment in terms of Issue:**

The provisions of Article 13hereof shall apply in the case of non- payment of any sum which by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

- (i) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

12. **LIEN**

- (a) The Company shall have a first and paramount lien upon every share / debenture not being a fully Paid up share / debenture registered in the name of each member (whether solely or jointly with others), and

upon the proceeds of sale thereof for moneys called on payable at a fixed time in respect of such share / debenture whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share / debenture shall be created except upon the footing and condition that Article 15 hereof is to have fully effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares / debentures subject to Section 205A of the Act. 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. Fully paid up shares / debentures shall be free from all lien.

(b) **As to enforcing lien by sale:**

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it think fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell has been served on such Shareholder, his executor or administrators or his payment of the moneys called or payable at a fixed time in respect such shares for fourteen days after the date of such notice. The Board may authorise some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(c) **Application of proceeds of sale:**

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed, upon the shares before the sale) be paid to the person entitled to the share at the date of this sale.

(d) **Board may issue new certificate:**

Where any share under the power in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered upto the Company by the former holder of such share the Board may issue a new certificate for such share distinguishing in such manner as it may think fit from the certificate not so delivered up.

13. **TRANSFER AND TRANSMISSION OF SHARES**

- (a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, or other Security held in a material form.
- (b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. All provisions of Section 56 of the Act and statutory modifications thereof shall be complied with in respect to all transfers of shares of the Company and registration thereof. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.
  - (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act
  - (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.
- (c) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(d) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(e) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company. Further, subject to the provisions of Section 56 of the Act and section 22A and other relevant provisions of the Securities Contracts (Regulation) Act, 1956, as amended, the Board may, at its absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal shall not be affected by the circumstances that the proposed transferee is already a Shareholder of the Company. The Board shall, within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except where the Company has a lien on shares. Transfer of shares / debentures in whatever lot shall not be refused.

(f) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(g) Subject to the provisions of these Articles, the Company shall not refuse the transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(h) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(i) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 19(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(j) The Board shall not knowingly register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(k) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the

death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

- (l) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

- (m) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor and his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

- (n) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.
- (o) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and / or consolidation of shares and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.
- (p) 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 of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any 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 required to regard or attend or give effect to any notice which may be given to it 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 Board shall so think

fit.

- (q) There shall be a common form of transfer in accordance with the Act and Rules.

The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

#### **14. INCREASE AND REDUCTION OF CAPITAL**

##### **(a) Increase of Capital**

Subject to these Articles and Section 61 of the Act, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say:

- (i) it may increase its Share Capital by such amount as it thinks expedient;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner;

- (iii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;
- (v) cancel shares which, at the date of the passing of the resolution in that behalf, 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. Such cancellation of shares shall not be deemed to be a reduction of share capital;
- (vi) The Company shall have power, subject to and in accordance with all applicable provisions of the Act and Articles, to purchase any of its own fully paid Shares whether or not they are redeemable and may make payment out of capital in respect of such purchase;
- (vii) Subject to Applicable Law (including the Act), the Company may issue Shares; either equity or any other kind with non-voting rights and the resolution authorizing such issue shall prescribe the terms and conditions of that issue;

##### **(b) Reduction of capital:**

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law, option or right to call of shares shall not be given to any person except with the sanction of the Company in general meetings. This Article is not to derogate any power the Company would have under Law, if it were omitted.

##### **(c) Further issue of capital**

- (i) Where at any time, in terms of Section 62 of the Act, the Company proposes to increase its subscribed capital by the allotment of further shares either out of the unissued capital or out of the increased Share Capital, such shares shall be offered—

A. to persons who, at the date of the offer, are holders of Equity Shares of the Company in

proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

- a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
- b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause (a) above shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him;
- c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company; and
- d. Nothing in sub-clause b of clause A of sub-article (i) above shall be deemed:
  - (i) to extend the time within which the offer should be accepted; or
  - (ii) to authorize any Person to exercise the right of renunciation for a second time, on the ground that the Person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

- e. Nothing in this article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

- (i) to convert such debentures or loans into shares in the Company; or
  - (ii) to subscribe for shares in the Company (whether such option is conferred in these articles or otherwise).

Provided that the terms of the issue of such debentures or the terms of such loans include a term providing for such option and such term:

- (a) either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the Rules, if any, made by that Government in this behalf; and
    - (b) in the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
  - B. to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause A above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules.
  - C. to employees under a scheme of employee stock option, subject to special resolution passed by company and subject to such conditions as may be prescribed.
- (ii) The notice referred to in sub-clause (a) of clause A of sub-article (i) shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue.

- (iii) The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Act, the Rules and other applicable provisions of the Act.

## 15. **SURRENDER OF SHARES**

Subject to the provisions of Section 66 of the Act, the Board may accept from any Shareholder the surrender on such terms and conditions as shall be agreed to, all or any of his shares.

## 16. **POWER TO MODIFY RIGHTS**

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013 and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is affected with consent in writing or by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48 of the Act and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

## 17. **NOMINATION BY SECURITIES HOLDERS**

- (a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.
- (b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.
- (c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.
- (d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.
- (e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of Section 71 of the Act and the Companies (Share Capital and Debentures) Rules, 2014.

## 18. **BORROWING POWERS**

### (a) **Power to borrow**

Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board, raise or borrow either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company provided that the Board shall not, without the sanction of the Company pursuant to a Special Resolution passed in a General Meeting borrow any

sum of money which together with money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the Paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

(b) **Conditions on which money may be borrowed:**

The Board may raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other tangible security on the undertaking of the whole or any part of the Company (both present and future) but shall not create a charge on its capital for the time being without the sanction of the Company in the General Meeting.

(c) **Issue at discount or with special privileges:**

Subject to the provisions of Section 53 of the Act, any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges to redemption, surrender, drawings, allotment of shares, appointment of Directors or 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.

- (d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.
- (e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.
- (f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

**19. GENERAL MEETING**

- (a) In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next Annual General Meeting. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

(b) **When Annual General Meeting to be held**

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Act to extend the time within which any Annual General Meeting may be held.

(c) **Venue, Day and Time for holding Annual General Meeting**

- (i) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.
- (ii) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Act. The Directors are also entitled to attend the Annual General Meeting.

(d) **When extraordinary general meeting to be called**

- i) All general meetings other than annual general meeting shall be called extraordinary general meeting.
- ii) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- iii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any directors or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
- iv) The Extraordinary General Meeting called under this Article shall be subject to the Act as amended.

(e) **Circulation of Shareholders' resolution:**

The Company shall comply with the provisions of Section 111 of the Act as to giving notice of resolutions and circulating statements on the requisition of Shareholders.

(f) **Notice of meetings**

- (i) Number of days' notice of General Meeting to be given: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting.

The notice of every meeting shall be given to:

- a. every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent Shareholder of the Company,
- b. Auditor or Auditors of the Company, and
- c. all Directors.

- d. Any other persons, as the Board may decide
- (ii) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Act.
- (iii) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their / its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.
- (iv) Special Business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 (Two) per cent of the Paid up share capital of that other company. All business transacted at any General Meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Act shall be deemed to be special.
- (v) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Act.
- (vi) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.
- (vii) Notice when not necessary: 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.
- (viii) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

## **20. PROCEEDINGS AT GENERAL MEETINGS**

### **(a) Business of Meetings**

The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and declare dividends. All other business transacted at an Annual General Meeting and all businesses transacted at any other General Meeting shall be deemed special business.

### **(b) Quorum to be present when business commenced:**

No business shall be transacted at any General Meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act.

(c) **When, if quorum not present, meeting to be dissolved and when to be adjourned:**

If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened such requisition as aforesaid shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present within half-an-hour from the time appointed for holding the meeting those Shareholders, who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

(d) **Resolution to be passed by company in general meeting**

Any act or resolution which under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if elected by an Ordinary Resolution as defined in Section 114 of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 114 of the Act.

(e) **Chairman of General Meeting**

The Chairman of the Board shall be entitled to take the Chair at every General Meeting. If there is no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the Shareholders present shall choose another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Shareholders present shall, on a show of hands or on a poll if properly demanded, elect one of their member being a Shareholder entitled to vote, to be the Chairman.

(f) **Chairman can adjourn the General Meeting**

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When the meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, and except as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment of the business to be transacted at the adjourned meeting.

(g) **How questions to be decided at meetings**

Every question submitted to a meeting shall be decided, in the first instance by a show of hands and in the case of equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to votes to which he may be entitled as a member.

(h) **Poll**

If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and such time, not being later than forty-eight hours from the time when the demand was made and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the resolution on which the poll was demanded.

(i) The demand of a poll may be withdrawn at any time.

(ii) Where a poll is taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be Shareholder (not being an Officer or employee of the Company) present at the meeting provided such a Shareholder is available and is willing to be appointed to scrutinize the vote given on the poll and to report to him thereon.

- (iii) On a poll a Shareholder 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.
- (iv) The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

(i) **Passing Resolutions by Postal Ballot**

Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law be required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

- (j) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time and applicable Law. Further, as per sub-clause (xxi) the Company shall also provide e-voting to the Shareholders of the Company.

(k) **Votes of Shareholder:**

Save as hereinafter provided, on a show of hands every Shareholder present in person and being a holder of an equity share shall have one vote and every Shareholder present as a duly authorized representative of a body corporate, being a holder of equity shares, shall have one vote.

- (i) Save as hereinafter provided on a poll the voting rights of a holder of Equity Shares shall be as specified in Section 47 of the Act.
- (ii) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
- (iii) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.
- (iv) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
- (v) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.
- (vi) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (vii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the

same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

- (viii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (ix) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereof.
- (x) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.
- (xi) Nothing herein contained shall require or be deemed to require the inclusion in any such Minutes of any matter which in the opinion of the Chairman of the Meeting (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the Minutes on the aforesaid grounds.
- (xii) Any such Minutes shall be evidence of the proceedings recorded therein.
- (xiii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.
- (xiv) The Company shall cause minutes to be duly entered in books provided for the purpose of:
  - a. the names of the Directors and Alternate Directors present at each General Meeting;
  - b. all Resolutions and proceedings of General Meeting.
- (xv) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Act in accordance with these Articles.
- (xvi) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.
- (xvii) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.
- (xviii) A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
- (xix) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.
- (xx) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have

exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

(xxi) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the Listing Regulations or any other Law, if applicable to the Company.

(xxii) Procedure where a Company or body corporate is a Shareholder of the Company

Where a body corporate (hereinafter called “Shareholder Company”) is a Shareholder of the Company a person duly appointed by resolution in accordance with the provisions of Section 113 of the Act to represent such Shareholder Company at a meeting of the Company shall not, by reason of such appointment, be deemed to be a proxy and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by one Director or such Shareholder Company and certified by him as being a true copy of the resolution shall on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers including the right to vote by proxy on behalf of the Shareholder Company which he represents, as that Shareholder Company could exercise if it were an individual member.

Where the President of India or the Governor of a State is a Shareholder of the Company than his representative at meeting shall be in accordance with Section 112 of the Act.

(xxiii) Joint holders:

Where there are joint registered holders of any share anyone of such persons may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy that one of the said persons so present whose name stands first on the Register of Members in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any share is registered shall, for the purposes of this Article be deemed joint-holders thereof.

(xxiv) Proxies permitted:

Votes may be given either personally, or in the case of a body corporate, by a representative duly authorized as aforesaid or by proxy.

(xxv) Instrument appointing proxy to be in writing, Proxies may be general or special:

The instrument appointing a proxy shall be in writing under the hands of the appointer or of his Attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or the hand of its Office or Attorney duly authorized. A proxy who is appointed for a specified meeting shall be called a Special Proxy. Any other proxy shall be called a general Proxy.

(xxvi) Instrument appointing a proxy to be deposited at the Office:

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office not less than 48 (forty-eight) hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

(xxvii) Whether vote by proxy valid through authority revoked:

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no

intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the vote of Chairman is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

(xxviii) Form of instrument appointing a special proxy:

Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances will admit, be in any of the forms set out in Schedule IX to the Act or as near thereto as possible or in any other form which the Board may accept.

(xxix) Restriction on voting:

No Shareholder shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien, but the Board of Directors may by a resolution passed at the meeting of the Board waive the operation of this Article.

(xxx) Admission or rejection of votes:

Any objection as to the admission or rejection of a vote either, on a show of hands or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or rendered and every vote not disallowed at such meeting shall be valid for all purposes.

## 21. DIRECTORS

- (a) The business of the Company shall be managed by the directors who may exercise all such powers of the Company as are not restricted by the Act or any statutory modification thereof for the time being in force or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless, to any regulations of these Articles, to the provisions if the Act, and to such regulations not being inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting. Nothing shall invalidate any prior act of the Directors which would have been valid if that regulation had been made.
- (b) The number of Directors shall not be less than three (3) nor more than fifteen (15). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.
- (c) The Directors need not hold any qualification shares in the Company.
- (d) Subject to the provisions of the Act and the rules framed thereunder and as may be determined by the Board, each non-executive Director shall receive out of the Company by way of sitting fees for his services a sum not exceeding the sum prescribed under the Act or the central government from time to time for every meeting of the Board or Committee thereof attended by him.
- (e) The Director shall also be paid travelling and other expenses for attending and returning from meeting of the Board (including hotel expenses) and any other expenses properly incurred by them in connection with the business of the Company.

- (f) The Directors may also be remunerated for any extra services done by them outside their ordinary duties as directors, subject to the provisions of Section 188 of the Act.
- (g) Subject to the provisions of the Act if any Director, being willing, shall be called upon to perform extra services for the purposes of the Company then, subject to Section 197 of the Act the Company shall remunerate such Director by such fixed sum or percentage of profits or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration provided above.
- (h) Subject to the provisions of Section 188 of the Act, the remuneration of Directors may be a fixed or a particular sum or a percentage sum or a percentage of the net profits or otherwise as may be fixed by the Board, from time to time.
- (i) Subject to the provisions of Sections 188 and 184 of the Act, no Directors shall be disqualified by his office from contracting with the Company in which any Director shall be in any way interested be avoided, nor shall any Director contracting or being so interested be liable to account to the Company for any profit realized by any such contract by reason only of such Director holding that office or of the fiduciary relations thereby established but it is declared that the nature of his/her interest must be disclosed by him / her at the meeting of the Directors at which the contract is determined if his / her interest then exists or in any other case, at the first meeting of the directors after he / she acquires such interest.
- (j) Subject to Section 161 of the Act, any Director (hereinafter called the “Original Director”) shall be entitled to nominate an alternate director (subject to such person being acceptable to the Chairman) (the “**Alternate Director**”) to act for him during his absence for a period of not less than 3 (three) months from India. The Board may appoint such a person as an Alternate Director to act for a Director during the Original Director’s absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State. If the term of the office of the Original Director is determined before he so returns to the State, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.
- (k) The Directors shall have the power, at any time and from time to time, to appoint any person as additional directors in addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed for Directors in these Articles. Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.
- (l) The Company may, by Ordinary Resolution, of which special notice has been given in accordance with the provisions of Section 115 of the Act, remove any Director, if any, before the expiration of the period of his office, notwithstanding anything contained in these regulations or in any agreement between the Company and such Director. Such removal shall be without prejudice to any contract of service between him and the Company.
- (m) If a Director appointed by a Company in a General Meeting, vacates office as a Director before his term of office would expire in the normal course, the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any person so appointed shall retain his office so long only as the vacating director would have retained the same if vacancy had not occurred, provided that the Board may not fill such a casual vacancy by appointing thereto any person who has been removed from the office of director under Article 23 (m).

(n) Section 167 of the Act shall apply, regarding vacation of office by director. A director shall also be entitled to resign from the office of directors from such date as he may specify while so resigning.

(o) **Company in general meeting increase or reduce number of Directors:**

Subject to Article 23 (c) and Sections 149, 152 and 164 of the Act, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Act), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

(p) **Chairman of the Board of Directors**

The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

If for any reason the Chairman is not present within 15 (fifteen) minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman Managing Director or Whole-time Director of the Company may act as Chairman to the Board of Directors of the Company.

(q) **Independent Directors**

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the Listing Regulations.

(r) **Equal Power to Director**

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

(s) **Nominee Directors**

(i) Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement / facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

(ii) The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

- (iii) Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.
- (iv) Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.
- (v) The nominee director shall be entitled to receive all notices, agenda, minutes, etc., and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member.
- (vi) If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

**(t) Director's fees, remuneration and expenses:**

- (i) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the Listing Regulations, a Managing Director or Managing Directors, and any other Director/s who is / are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.
- (ii) All fees / compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting, in applicable cases. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

**(u) Vacation of Office of Director:**

Subject to relevant provisions of Sections 167 and 188 of the Act, the office of a Director, shall ipso facto be vacated if:

- (i) he is found to be of unsound mind by a court of competent jurisdiction; or
- (ii) he applies to be adjudicated an insolvent; or
- (iii) he is adjudged an insolvent; or
- (iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or
- (v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or
- (vi) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board; or
- (vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Act; or

- (viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or
  - (ix) he acts in contravention of Section 184 of the Act; or
  - (x) he becomes disqualified by an order of the court under Section 203 of the Companies Act, 1956; or
  - (xi) he is removed in pursuance of Section 169 of the Act; or
  - (xii) he is disqualified under Section 164(2) of the Act.
- (v) The Company shall keep at its Office a register containing the of its Directors and key managerial personnel as may be prescribed under Section 170 of the Act, and shall otherwise comply with the provisions of the said Section in all respects.
- (w) The Company shall not appoint or employ, or continue the appointment or employment of a person as its managing or whole-time Director who is disqualified under Section 196(3) and other applicable provisions of the Act or other applicable laws and regulations.
- (x) All acts done by Board, or by any person acting as a Director shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such Directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director and such person had been appointed and was qualified to be a Director as the case may be.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

## **22. CONTINUING DIRECTORS**

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 23 (c) hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose

## **23. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP**

- (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.
- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting subject to compliance with the applicable law.

## **24. POWERS OF THE BOARD**

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

- (a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the Memorandum and Articles of the Company.
- (b) The Board is vested with the entire management and control of the Company, including as regards any

and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

- i. Sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. The term ‘undertaking’ and the expression ‘substantially the whole of the undertaking’ shall have the meaning ascribed to them under the provisions of Section 180 of the Act;
- ii. Remit, or give time for repayment of, any debt due by a Director;
- iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of businesses), will exceed the aggregate of the Paid up capital of the Company and its free reserves.

## 25. RELATED PARTY TRANSACTIONS

- (a) Except with the consent of the Audit Committee, Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014, the Company shall not enter into any contract or arrangement with a ‘related party’ with respect to:
  - (i) sale, purchase or supply of any goods or materials;
  - (ii) selling or otherwise disposing of, or buying, property of any kind;
  - (iii) leasing of property of any kind;
  - (iv) availing or rendering of any services;
  - (v) appointment of any agent for purchase or sale of goods, materials, services or property;
  - (vi) such Director’s or its relative’s appointment to any office or place of profit in the company, its subsidiary company or associate company; and
  - (vii) underwriting the subscription of any securities or derivatives thereof, of the company:
- (b) no Shareholder of the Company shall vote on such Ordinary Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.
- (c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm’s length basis
- (d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.
- (e) The terms “office of profit” and “arm’s length basis” shall have the meaning ascribed to them under Section 188 of the Act.
- (f) The term ‘related party’ shall have the same meaning as ascribed to it under the Act
- (g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

## 26. APPOINTMENT OF DIRECTOR OF A COMPANY IN WHICH THE COMPANY IS INTERESTED:

A Director may be or become a Director of any Company promoted by the Company, or on which it may be interested as a vendor, shareholder, or otherwise, and no such Director shall be accountable for

any benefits received as director or shareholder of such Company except in so far as Section 188 or Section 197 of the Act as may be applicable.

**27. DISCLOSURE OF A DIRECTOR'S INTEREST**

Every Director shall in accordance with the provisions of Section 184 of the Act and of the Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, or proposed contract or arrangement entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 184 of the Act;

Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two per cent) of the Paid up Share Capital in the other company or the Company as the case may be.

A general notice given to the Board by the Director, to the effect that he is a director or shareholder of a specified body corporate or is a partner of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the first meeting of the Board in the Financial Year in which it would have otherwise expired.

**28. DISCUSSION AND VOTING BY INTERESTED DIRECTOR:**

No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to:

- (a) Any contract of indemnity against any loss which the Director's or any of them may suffer by reason of becoming or being sureties or surety for the company: or
- (b) Any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company, which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a Director of such Company and the holder of shares not exceeding a number of value the amount requisite to qualify him for appointment as a director thereof, he having been nominated as such Director by the Company or in his being a Shareholder of the Company holding not more than two per cent of the Paid up share capital of the Company.

Subject to the provisions of Section 188 of the Act and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

- (c) The Company shall keep a Register in accordance with Section 189 of the Act and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 29. The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any

Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Act shall apply accordingly.

**29. ROTATION AND RETIREMENT OF DIRECTOR**

**(a) Rotation of Directors**

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election.

**(b) Which Directors to retire:**

- (i) The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between persons who become Directors on the same day those to retire shall, in default to for subject to any agreement among themselves, be determined by lot.
- (ii) Save as permitted by Section 162 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one name individually.

**30. WHEN THE COMPANY AND CANDIDATE FOR OFFICE OF DIRECTOR MUST GIVE NOTICE:**

The eligibility and appointment of a person other than a retiring Director to the office of the Director shall be governed by the provisions of Section 160 of the Act.

**31. REGISTER OF DIRECTORS, KEY MANAGERIAL PERSONNEL, ETC.**

- (a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Act and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Act, and shall otherwise duly comply with the provisions of the said Section in all respects.

**32. PROCEEDINGS OF DIRECTORS**

- (a) The Quorum necessary for the transaction of the business of directors shall be minimum two or one third of the total numbers of directors whichever is higher, subject to Section 174 of the Act and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.
- (b) If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.
- (c) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.
- (d) Subject to the provisions of Section 173 of Act, a meeting of the Board shall be held in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board and at least four such meetings shall be held in each calendar year. The directors may meet together for the discharge of the business, adjourn and otherwise regulate their meetings and proceedings, as they think fit.

- (e) Notice of every meeting of Board of the Company shall be given in writing to every director at his / her address registered with the Company.
- (f) A meeting of the director for the time being at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions by law or under Articles and regulations for the time being vested in or exercisable by directors.
- (g) The Managing Director or a Director or a secretary upon the requisition of Director(s), may at any time convene a meeting of the Board.
- (h) The questions arising at any meeting of the Board shall be decided by a majority of votes and in case of any equality of vote, the Chairman shall have a second or casting vote.

**(i) Meetings of Directors:**

- (i) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under Rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.
- (ii) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.
- (iii) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

**33. CHAIRMAN:**

The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

**34. HOW QUESTIONS TO BE DECIDED:**

- (i) Questions arising at any meeting of the Board or Committees, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.
- (ii) 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.

**35. COMMITTEES AND DELEGATION BY THE BOARD**

- (i) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the Listing Regulations. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Act, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the

Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

- (ii) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.
- (iii) 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 regulation made by the Directors under the last preceding Article.
- (iv) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the Listing Regulations, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

**36. WHEN ACTS OF A DIRECTOR VALID NOTWITHSTANDING INFORMAL APPOINTMENTS:**

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may 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. Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

**37. RESOLUTION WITHOUT BOARD MEETING:**

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or Shareholders, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors for the time being require that any resolution under circulation must be decided at a meeting, the chairperson shall put the resolution to be decided at a meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

**38. MINUTES**

- (a) The Board shall respectively cause minutes of all proceedings of General Meetings and of all proceedings at meetings of Board or of Committee to be duly entered in books to be maintained for that purpose in accordance with Section 118 of the Act, provided that the minutes book may be maintained in loose leafs

- (b) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.
- (c) The Company shall circulate the draft minutes of the meeting to each Director within 15 (fifteen) days after the Board Meeting.
- (d) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.
- (e) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (f) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -
  - (i) all appointments of Officers;
  - (ii) The name of the Directors present at the meeting in case of meeting of Board or Committee of Board;
  - (iii) all resolutions and proceedings of the meetings of the Board; and
  - (iv) the name of the Directors, if any, dissenting from or not consenting to the resolution, in the case of each resolution passed at the meeting of Board or Committee of Board.
- (g) Nothing contained in sub Articles (a) to (f) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting: -
  - (i) is or could reasonably be regarded as defamatory of any person;
  - (ii) is irrelevant or immaterial to the proceedings; or
  - (iii) is detrimental to the interests of the Company.
- (h) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (g) above.
- (i) Any such minutes, purporting to be signed in accordance with the provisions of Sections 118 of the Act, shall be evidence of the proceedings.
- (j) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standards issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

### **39. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING**

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

- (a) to make calls on Shareholders in respect of money unpaid on their shares;
- (b) to authorise buy-back of securities under Section 68 of the Act;
- (c) to issue securities, including debentures, whether in or outside India;
- (d) to borrow money(ies);

- (e) to invest the funds of the Company;
- (f) to grant loans or give guarantee or provide security in respect of loans;
- (g) to approve financial statements and the Board's report;
- (h) to diversify the business of the Company;
- (i) to approve amalgamation, merger or reconstruction;
- (j) to take over a company or acquire a controlling or substantial stake in another company;
- (k) fees / compensation payable to non-executive directors including independent directors of the Company; and
- (l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the Listing Regulations.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Act.

#### **40. MANAGING DIRECTOR(S) / WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S) / MANAGER**

The Board may, from time to time, subject to the provisions of Sections 196 and 203 of the Act and of these Articles, appoint from time to time, a Managing Director or whole time director or executive director or manager of the Company for such period and on such remuneration and other terms, as they think fit and subject to the terms of any agreement entered into in any particular case, may revoke such appointment. His appointment will be automatically terminated if he ceases to be a director.

The Board, subject to Section 179 of the Act, may entrust to and confer upon a managing director or a whole time director any of the powers exercisable by them, upon such terms and conditions and with such restrictions, as they may think fit and either collaterally with or to their own powers and may, from time to time, revoke, withdraw or alter or vary all or any of such powers.

The person so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally.

#### **41. PROVISIONS TO WHICH MANAGING DIRECTOR(S) / WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S) / MANAGER ARE SUBJECT**

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall *ipso facto* and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager.

#### **42. POWER OF ATTORNEY:**

The Board may, at any time and from time to time, by Power-of-Attorney under Seal appoint any persons to be the Attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for

such period and subject to such conditions as the Board may, from time to time, think fit; and any such appointments, may, if the Board thinks fit, be made in favour of the Shareholders, or in favour of the Company or of the Shareholders, directors, nominees, or officers of any Company or firm, or in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board; and any such Power-of-Attorney may contain such provisions for the protection or convenience of persons dealing with such Attorney as the Board think fit.

**43. CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER**

Subject to the provisions of the Act:-

- (a) A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board;
- (b) A director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.
- (c) Any provision in the Act or these Articles 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.
- (d) Any such objection made in due time shall be referred to the Chairman of the meeting whose decision thereon shall be final and conclusive.

**44. POWER TO AUTHENTICATE DOCUMENTS:**

Any Director or the Secretary or any officer appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any books, records, documents and account relating to the business of the Company and to certify copies thereof extracts therefrom, as true copies or extracts and where any books, records, documents or accounts are elsewhere than at the office, the local manager or other officer of the Company having the custody thereof shall deemed to be a person appointed by the Board as aforesaid.

**45. CERTIFIED COPIES OF THE BOARD:**

A document purporting to be a copy of a resolution of the Board or an extract from the minutes of meeting of the Board which is certified as such in accordance with the provisions of the last preceding Articles shall be conclusive evidence in favour of all persons dealing with the Company upto the faith thereof that such resolution has been duly passed or, as the case may be that such extract is true and accurate record of a duly constitute meeting of the Directors.

**46. RESERVES**

The Board may from time to time before recommending any Dividend set apart any such portion of the profit of the Company as it thinks fit as reserves to meet contingencies or for the liquidations of the debentures, debts or other liabilities of the Company, for equalization of Dividends for repairing, improving or maintaining any of the property of the Company and such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company and may subject to the provisions of Section 186 of the Act, invest the several sums so set aside upto such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the Reserve into such special funds as the Board thinks fit, with full power to employ the Reserve or any part thereof in the business of the Company and that without being bound to keep the same separate from other assets.

**47. INVESTMENT OF MONEY**

All money carried to the Reserves shall nevertheless remain and be profits of the Company available, subject to due provision being made for actual loss or depreciation, for the payment of Dividends and such moneys and all the other moneys of the Company not immediately required for the purpose of the Company may, subject to the provision of Section 186 of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time think proper.

**48. ISSUE OF BONUS SHARES**

The Company in its General Meeting may resolve to issue the bonus shares to its shareholders subject to the applicable provisions of the Act and other laws as may be applicable in this behalf from time to time.

**49. FRACTIONAL CERTIFICATE**

For the purpose of giving effect to any resolution under the two last preceding Articles the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any Shareholders upon the footing of value so fixed in order to adjust the right so fall parties may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividends or capitalized fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividends or capitalized fund and such appointment shall be effective.

**50. DIVIDENDS AND RESERVES**

- a. The Company in General meeting may declare dividends but no dividend shall exceed the amount recommended by the Board.
- b. Subject to the applicable provisions of the Act and Rules made there under, the Board may, from time to time, pay to the members such interim dividends as appear it to be justified by the profits earned by the Company.
- c. The Board may, before recommending any dividend, set aside out of the profits of the Company, such sums, as it may think proper, as reserve or reserves which shall at the discretion of the Board, be applicable for any of the purposes to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends and pending such applications 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.
- d. The Board may also carry forward any profits which it may think prudent not to divide, without setting them aside as a reserve.
- e. Subject to the rights of the persons, if any, holding shares with special rights as the 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.
- f. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as having been paid on the share.
- g. 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.

- h. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
- i. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or, in 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 first named holder or joint holders may in writing direct.
- j. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- k. Any one of two or more joint holders of a share may give effectual receipts for any dividends, bonus or other moneys payable in respect of such share.
- l. 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.
- m. No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.
- n. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law provided that a recognized stock exchange may provisionally admit to dealings the securities of a company which undertakes to amend articles of association at its next general meeting so as to fulfill the foregoing requirements and agrees to act in the meantime strictly in accordance with the provisions of this clause.

## **51. UNPAID OR UNCLAIMED DIVIDEND**

- (a) If the Company has declared a Dividend which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration to any Shareholder entitled to payment of the Dividend, the Company shall transfer the total amount of dividend, which remained unpaid or unclaimed within the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the “Unpaid Dividend of Khadim India Limited”.
- (b) Any money so transferred to the unpaid Dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. “Investors Education and Protection Fund”.

## **52. BOOKS OF ACCOUNT TO BE KEPT**

The Board shall cause proper books of account to be maintained under Section 128 of the Act.

Subject to the provisions of Section 207 of the Act the Board shall also, from time to time, determine whether and to what extent, and at what times and places, and at what conditions or regulations account books of the Company or any of them, are to be kept or shall be open to the inspection of Shareholders not being Directors.

Subject to the provisions of Section 207 of the Act no Shareholder (not being the director) or other person shall have any right of inspecting any account book or document of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

The Books of accounts shall be kept at the Office or at such other place in India as the Board may decide and when the Board so decides, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place.

The Books of Account shall be open to inspection by any Director during business hours.

### **53. ACCOUNTS**

(a) Balance sheet and profit and loss account of the Company will be audited once in a year by a qualified auditor for certification of correctness as per provisions of the Act.

#### **(b) Balance Sheet and Profit and Loss Account:**

At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit and Loss Account made up in accordance with the provision of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of sections 134 of the Act so far as they are applicable to the Company but, save as aforesaid the Board shall not be found to disclose greater details of the result or extent of the trading and transactions of the Company than it may deem expedient.

#### **(c) Annual Report of Directors:**

There shall be attached to every Balance Sheet laid before the Company a report by the Board complying with Section 134 of the Act and other applicable laws.

#### **(d) Copies to be sent to Shareholders and others:**

A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors Report and every document required by law to be annexed or attached to the Balance Sheet) shall, as provided by section 136 of the Act not less than twenty-one days before the meeting be sent to every such Shareholders, trustee and other person to whom the same is required to be sent by the said section.

#### **(e) Copies of Balance Sheet to be filed:**

The Company shall comply with Section 137 of the Act as to filing copies of the Balance Sheet and Profit and Loss Account and documents required to be annexed or attached thereto with the Registrar of Companies.

#### **(b) Service of process in winding-up:**

Subject to the provisions of the Act, in the event of winding-up of the Company every Shareholder of the Company who is not for the time being in the place where the office of the Company is situated shall be bound, within eight weeks after the passing of an effective resolution to wind up the Company voluntarily or the making of any order for the winding up of the Company to service notice in writing on the Company appointing some householder residing in the neighbourhood of the office upon them all summons, notices, processes, orders and judgments in relation to or under the winding up of the Company may be served and in default to such nomination, the liquidator of the Company shall be at liberty on behalf of such member, to appoint some such person and service upon any such appointee by the Shareholder on the liquidator shall be deemed to be good personal service on such Shareholder for all purposes and where the liquidator makes any such appointment he shall, with all convenient speed, given notice thereof to such Shareholder by advertisement in some daily newspaper circulating in the neighbourhood of the office or by a registered letter sent by post and addressed to such Shareholder at his address as registered in the register and such notice shall be deemed to be served on the day on which the advertisement appears or the letter would be delivered in the ordinary course of the post. The provision of this Article does not prejudice the right of the liquidator of the Company to serve any notice or other document in any other manner prescribed by these Articles.

#### **(c) Shareholders to notify address in India**

Each registered Shareholder from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

#### **(d) Service on Shareholders having no Registered Address**

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighborhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

(e) **Service on Persons Acquiring Shares on Death or Insolvency of Shareholders**

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

(f) **Notice by advertisement**

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the district in which the Office is situated.

**54. KEEPING OF REGISTERS AND INSPECTION**

(a) **Registers, etc. to be maintained by the Company:**

The Company shall, in terms of the provisions of Section 88 of the Act, cause to be kept the following registers in terms of the applicable provisions of the Act:

A Register of Member indicating separately for each class of Equity Shares held by each Shareholder residing in or outside India and a Register of any other security holders.

The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders or beneficial owners residing outside India.

The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

(b) **Supply of copies of Registers:**

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Act shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

(c) **Inspection of Registers:**

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the Board and Shareholders shall be kept at the office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines for inspection of any Shareholder without charge. In the event such Shareholder conducting inspection of the abovementioned documents requires extracts of the same, the company may charge a fee which shall not exceed Rupees ten (10) per page or such other limit as may be prescribed under the Act or other applicable provisions of Law.

(d) **When Registers of Shareholders may be closed:**

The Company, after giving not less than seven days, previous notice by the advertisement in some newspapers circulating in the district in which the office is situated close the Register of Members for any period or periods not exceeding in the aggregate forty-five days in each year but not

exceeding thirty days at any one time.

(e) **Reconstruction:**

On any sale of the undertaking of the Company the Board or the liquidators on a winding- up may, if authorized by a Special Resolution, accept fully paid or partly Paid up shares of any other Company, whether incorporated in India or not, either than existing or to be formed for the purchase in whole or in part of the property of the Company and the Board (if the profits of the Company permit) or the liquidators (in winding-up) may distribute such shares or securities or any other property of the Company amongst the Shareholders without realisation, or vest the same in trustees for them and Special Resolution may provide for the distribution or appropriation of the cash shares or other securities benefit or property otherwise then in accordance with the strict legal right, of the contributories of the Company, and for the valuation of any such securities or property at such price and in such manner as the meeting may approve, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 319 of the Act as are incapable of being varied or excluded by these Articles.

55. **REGISTER OF CHARGES**

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

56. **CHARGE OF UNCALLED CAPITAL**

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

57. **DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP**

- (a) 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 shareholders, 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.
- (b) 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 Shareholders or different classes of Shareholders.

58. **AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION**

- (a) The Shareholders shall vote for all the Equity Shares owned or held on record by such Shareholders at any Annual or Extraordinary General Meeting of the Company in accordance with these Articles.
- (b) The Shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.
- (c) The Articles of the Company shall be amended only by way of a Special Resolution.

59. **POWER OF THE DIRECTORS**

Subject to the Section 179 of the Act hereof, the directors shall have the right to delegate any of their powers to such managers, agents or other persons as they may deem fit and may at their own discretion revoke such powers.

The directors shall have powers for the engagement and dismissal of managers, engineers, clerks, workers and assistants and shall have power of general direction, management and superintendence of

the business of the Company with full powers to do all such acts, matters and things deemed necessary, proper or expedient for carrying on the business of the Company, and to make and sign all such contracts and to draw and accept on behalf of the Company all such bills of exchanges, hundis, cheques, drafts and other government papers and instruments that shall be necessary, proper or expedient, except only such of them as by the Act or by these presents are expressly directed to be exercised by shareholders in the general meeting.

#### 60. **SECRECY**

Without prejudice to the rights of the Investors and the Investor directors, every manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board, before entering upon the duties, sign a declaration pledging himself to observe strict secrecy respecting all bonafide transactions of the Company with its customers and the state of account with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when require to do so by the Directors or by any General Meeting or by the law of the country and except so far as may be necessary in order to comply with any of the provision in these presents and the provisions of the Act. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the Company's affair.

#### 61. **OPERATION OF BANK ACCOUNTS**

The Board shall have the power to open bank accounts, to sign cheques on behalf of the Company and operate all banking accounts of the Company and to receive payments, make endorsements, draw and accept negotiable instruments, hundis and bills or may authorize any other person to exercise such powers.

#### 62. **INDEMNITY**

Subject to provisions of Section 197 of the Act, the Chairman, Directors, Auditors, Managing Directors and other officer for the time being of the Company and any trustees for the time being acting in relation to any of the affairs of the Company and their heirs and executors, shall be indemnified out of the assets and funds of the Company from or against all bonafide suits, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or about the execution of their duties in their respective offices except those done through their wilful neglects or defaults of any other officer or trustee.

#### 63. **THE SEAL**

- (i) The Board shall provide for the safe custody of the seal of the Company.
- (ii) The seal of the Company shall not be affixed to any instrument except by the authority of resolution of the Board or a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and of the Secretary or such other person as the Board may appoint for the purpose; and those two Directors and the Secretary or other aforesaid person shall sign every instrument to which the Seal of the Company is so affixed in his presence. The share certificate will, however, be signed and sealed in accordance with the Act and the Companies (Share Capital and Debenture) Rules, 2014. Provided nevertheless that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any regularity touching the authority of the Board to issue the same.

#### 64. **BUYBACK OF SHARES**

Subject to the provisions of Sections 68, 69 and 70 of the Act and subject to requirement of applicable buy-back regulations/rules made by central government / SEBI in this regard as may be modified from

time to time, the Company may purchase its own Equity Shares or other Securities.

## 65. CANCELLATION OF FORFEITED SHARES

The Company may, by a resolution of the Board, decide not to reissue any forfeited shares in the Company. In such a case, the Board may cancel the forfeited shares, with or without cancelling them from the authorised share capital, and transfer the amount received on such shares to appropriate account head. In case the Company decides to diminish the amount of Company's share capital by the nominal value of forfeited shares cancelled, it shall be done in accordance with the provisions of the Act as applicable.

## 66. CAPITALISATION OF PROFITS

- (i) The Company in general meeting may, upon the recommendation of the Board, resolve—
  - (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in Article 68 (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 68 (iii), either in or towards—
  - (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
  - (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
  - (c) partly in the way specified in sub-Article (a) and partly in that specified in sub-Article (b);
- (iii) A securities premium account and a capital redemption reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (iv) The Board shall give effect to the resolution passed by the Company in pursuance of this Article.
- (v) Whenever such a resolution as aforesaid shall have been passed, the Board shall
  - (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.
- (vi) The Board shall have power—
  - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
  - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of

profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

- (vii) Any agreement made under such authority shall be effective and binding on such members.

## PART B

### Interpretations

1. In these regulations:
  - (a) “**Act**” shall mean the Companies Act, 1956 and includes any statutory modification or re-enactment thereof for the time being in force.
  - (b) “**Additional Securities**” shall have the meaning as set forth in Article 11 (Additional Capital);
  - (c) “**Affiliate**” in relation to a Person:
    - (i) being a corporate entity, shall mean any Person, which Controls, or is Controlled by, or is under the common Control with such corporate entity;
    - (ii) being an individual, shall mean any Relative or any other entity or Person which is Controlled by such individual;
    - (iii) in any other case, shall mean a Person Controlled by such Person;
- Provided that (a) in case of the Investor, not being a transferee, successor or permitted assign of the Investor, an Affiliate shall mean any trust or schemes or funds managed by Reliance Equity Advisors (India) Limited; and (b) in the case of a transferee, successor or permitted assign of the Investor which is a Financial Investor, an Affiliate shall mean any schemes or funds managed by such Financial Investor or its fund manager;
- (d) “**Agreement**” or “**Shareholders’ Agreement**” shall mean the shareholders’ agreement, together with the Schedules, executed on 20 September 2013 as may be amended, modified or supplemented from time to time, in accordance with its terms;
- (e) “**Arbitration Notice**” shall have the meaning as set forth in Article 31 (Dispute Resolution);
- (f) “**Articles**” shall mean the articles of association of the Company, as may be amended from time to time;
- (g) “**Big Four**” shall mean one amongst Ernst & Young, KPMG, Deloitte Touche Haskin & Sells, or PriceWaterhouseCoopers and/or any of their respective Indian counterparts or successors, or such other firm of chartered accountants as may be agreed to between the Investor and the Promoters in writing;
- (h) “**Benchmark Price**” shall mean either of the following:
  - (i) Where the term is used in Article 17 (Third Party Sale), a price per Investor Security which is the higher of (a) the IRR Price, and (b) the Fair Market Value determined in terms of Article 17 (Third Party Sale); or
  - (ii) Where the term is used in any provision of these Articles other than Article 17 (Third Party Sale), the IRR Price;

- (i) “**Block Rights**” shall mean the rights of the Investor as provided in Article 6 (Board of Directors), Article 7 (Meetings of the Board), Article 8(6) and Article 8(7) (Quorum at General Meetings), Article 9 (Exercise of Voting and Other Rights by Parties), Article 10(Reserved Matters) and Article 20 (Drag-Along Right);

- (j) “**Board**” shall mean the board of directors of the Company in office at the relevant time;
- (k) “**Business**” shall mean the businesses of the Company of (i) sourcing and manufacturing of footwear and accessories, sale of such footwear and accessories through a network of stores owned by the Company, or through its dealers and distributors, and by way of export, (ii) sale of gold and diamond jewellery; (iii) operating a large format retail store;
- (l) “**Business Day**” shall mean a day (other than a Saturday or a Sunday) on which scheduled commercial banks are generally open for business in Kolkata, India and Mumbai, India;
- (m) “**Business Plan**” shall mean the business plan and budget for the Company which (i) in respect of the period from Closing to March 31, 2014, has been mutually agreed between the Investor and SRB and annexed as **SCHEDULE IV** (Initial Business Plan), and (ii) in respect of any subsequent Financial Year, as adopted or deemed to be adopted pursuant to Article 5 (Business Plan);
- (n) “**Buy-back Notice**” shall have the meaning as set forth in Article 18(1);
- (o) “**Buy-Back Regulations**” shall mean the Act and the Private Limited Company and Unlisted Public Limited Company (Buy-Back of Securities) Rules, 1999;
- (p) “**CDSL**” shall mean Central Depository Services (India) Limited;
- (q) “**Change in Control**” shall mean any of the following:
  - (i) The Promoters, pursuant to a merger or other form of corporate reorganization, hold 50% (fifty per cent) or less of the issued share capital on a fully diluted basis or of the voting power of the surviving entity after such merger or corporate reorganization;
  - (ii) A sale of Shares by the Promoters and/or the Permitted Transferees such that the Promoters (together with any Permitted Transferees) hold 50% (fifty per cent) or less of the issued share capital on a fully diluted basis after such sale or cease to retain a majority of the voting power of the Company ; or
  - (iii) The Company sells all or substantially all (being 75% (seventy five per cent) or more of the gross block of fixed assets of the Company) of its assets to any Person(s);
- (r) “**Charter Documents**” shall, with respect to a Person, mean the articles of association and memorandum of association, certificate of incorporation or similar organizational or incorporation documents, of such Person;
- (s) “**Closing**” shall mean the issue and allotment of the Debentures to the Investor and the sale and purchase of the Sale Shares from the Sellers to the Investor in accordance with the Securities Subscription and Purchase Agreement;
- (t) “**Closing Date**” shall mean the date on which Closing occurs;
- (u) “**Company Warranties**” shall have the meaning as set forth in the SSPA;
- (v) “**Competitor**” shall mean any Person engaged in the sourcing, manufacturing and retailing of footwear, and any entities Controlled by such Persons; provided that in no case shall a Financial Investor be considered a Competitor;
- (w) “**Control**” (including with correlative meaning, the terms, “Controlling”, “Controlled by” and “under common Control with”), with respect to a Person, shall mean the acquisition or control of more than 50% (fifty per cent) of the voting rights or of the issued share capital (on a fully diluted basis) of such Person or the right to appoint or remove all or the majority of the members of the board of directors or other governing body of such Person, the power to direct or cause the direction of the management, to manage and exercise significant influence on the management or policies of such Person, whether

obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, through contract or otherwise;

- (x) “**Cut-off Date**” shall have the meaning ascribed to it in the Agreement
- (y) “**Debentures**” shall mean the debentures having a face value of Rs. 10 (Rupees Ten only) issued by the Company to the Investor pursuant to the SSPA on the terms of issue set out in Schedule II hereto, and “**Debenture**” shall mean each such debenture;
- (z) “**Default Exit Notice**” shall have the meaning as set forth in Article 25 (Event of Default);
- (aa) “**Definitive Agreements**” shall mean the Agreement, the Securities Subscription and Purchase Agreement, the Escrow Agreement and any separate written undertakings and declarations provided by the Company and/or the Promoters to the Investor and expressly designated therein as being a Definitive Agreement;
- (bb) “**Depository**” shall mean NSDL or CDSL, as the case may be;
- (cc) “**Director**” shall mean a director of the Company;
- (dd) “**Disclosure Letter**” shall have the meaning as set forth in the SSPA;
- (ee) “**Dispute**” shall have the meaning as set forth in Article 31 (Dispute Resolution);
- (ff) “**Down-round Investor**” shall have the meaning as set forth in Article 12 (Anti-Dilution);
- (gg) “**Drag Along Notice**” shall have the meaning as set forth in Article 20 (Drag-Along Right);
- (hh) “**Drag Along Right**” shall have the meaning as set forth in Article 20 (Drag- Along Right);
- (ii) “**Encumbrance**” shall mean any mortgage, pledge, hypothecation, non-disposal undertaking, escrow, charge (whether fixed or floating or otherwise), lien, deed of trust, assignment, power of attorney, voting trust agreement, transfer restrictions or other similar security interest;
- (jj) “**Equity Shares**” shall mean equity shares of face value of Rs. 10 (Rupees Ten only) each in the Share Capital;
- (kk) “**Escrow Agent**” shall mean Khaitan and Co appointed as the escrow agent under the Escrow Agreement or such other escrow agent duly appointed, as may be agreed to by the Investor in writing;
- (ll) “**Escrow Agreement**” shall have the meaning as set forth in Article 13(4) (Escrow of Promoter Shares and shares of Knightsville);
- (mm) “**Escrowed Shares**” shall have the meaning as set forth in Article 13(4) Escrow of Promoter Shares and shares of Knightsville);
- (nn) “**Event of Default**” shall mean (A) a material breach by, (i) the Company or the Promoters or any of them of their respective obligations under Article 10 (Reserved Matters), Article 11 (Additional Capital), Article 12 (Anti-Dilution) or Article 13 and 14 (Share Transfer Restrictions); or such other event that is specified as being an Event of Default in the Agreement;
- (oo) “**Extended Cut-off Date**” shall mean the date which is 53 (fifty three) months from the Cut-off Date;
- (pp) “**Fair Market Value**” shall, in respect of any Shares or securities of the Company, mean the fair market value of each such Share or security determined by one of the Big Four accounting firms registered in India, appointed solely by the Investor, in case of the occurrence of an Event of Default; and in any other case mutually appointed by the Promoters and the Investor; for this purpose;

- (qq) “**Financial Investor**” shall mean a bank, a financial institution which is in the business of investing as its primary business, a private equity/ venture capital fund, mutual fund, a hedge fund, a fund of funds, a secondary fund, a sovereign fund, a professionally managed investment entity or any other similar entity which is in the business of investing as its primary business, but shall not include a Competitor;
- (rr) “**Financial Statements**” with respect to a period, shall mean the balance sheet, profit and loss account statements and cash flows (audited or unaudited, as the case may be) of the Company for such period;
- (ss) “**Financial Year**” shall mean the period commencing from April 1 of one year and ending on March 31 of the immediately succeeding year, or such other period that may be decided by the Company to be the financial year of the Company;
- (tt) “**First Adjourned Meeting**” shall have the meaning as set forth in Article 7 (Meetings of the Board);
- (uu) “**Fully Diluted Basis**” shall mean that the calculation is to be made assuming that all outstanding instruments, options, warrants or other securities that are convertible into or exercisable or exchangeable for Equity Shares (whether or not by their terms then currently convertible, exercisable or exchangeable), other than any instruments issued pursuant to any conversion right provided in the loan agreements entered into by the Company, have been so converted, exercised or exchanged into Shares;
- (vv) “**Fully Diluted Share Capital**” shall mean the issued, paid-up and subscribed Share Capital calculated on a Fully Diluted Basis;
- (ww) “**General Meeting**” shall mean a general meeting of the shareholders of the Company;
- (xx) “**Governmental Authority**” shall mean any national, state, provincial, local or similar government, governmental, regulatory or administrative authority, branch, agency, any statutory body or commission or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law or any court, tribunal, arbitral or judicial body;
- (yy) “**Indemnifiable Covenants**” shall have the meaning as set forth in Clause 6.1(i) (Indemnification) of the Agreement;
- (zz) “**Indemnified Persons**” shall mean the Investor and the Investor Directors;
- (aaa) “**Information**” shall have the meaning as set forth in Article 28 (Confidentiality and Non-Disclosure);
- (bbb) “**Intellectual Property Rights**” shall mean the rights in and in relation to all patents, patent applications, moral rights, trademarks, trade names, service marks, service names, brand names, internet domain names and sub-domains, inventions, processes, formulae, copyrights, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies, computer programs (including all source codes), technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, entity models, trademarks, service marks, copyrights and internet domain names and sub-domains, in each case, subsisting in the products being developed and sold by the Company, or in any business conducted by the Company, and the term “Intellectual Property” shall be construed accordingly;
- (ccc) “**Inter-se Transfer Notice**” shall have the meaning as set forth in Article 13(3) (Transfers by Knightsville, SRB, SPRB or NRB to Permitted Transferees);
- (ddd) “**Investment Amount**” shall have the meaning ascribed to it in the Agreement
- (eee) “**Investment Price**” shall mean the price determined based on the following formula:

$$Z = \frac{P}{Q}$$

Where:

Z = The Investment Price;

P = The Investment Amount; and

Q = The sum of (i) the Sale Shares and (ii) the total number of Equity Shares issued to the Investor upon conversion of the Debentures in accordance with Schedule I of the SSPA. Provided that until such time as the Debentures have not been converted into Equity Shares, Q shall be such number of Equity Shares as would constitute a percentage as agreed under the Agreement of the Fully Diluted Share Capital;

- (fff) "**Investor Buy-back Notice**" shall have the meaning as set forth in Article 18(1);
- (ggg) "**Investor Director**" shall have the meaning as set forth in Article 6(3) (Board of Directors);
- (hhh) "**Investor Escrow Notice**" shall have the meaning as set forth in Article 13(4)1 (Escrow of Promoter Shares and shares of Knightsville);
- (iii) "**Investor Sale Notice**" shall have the meaning as set forth in Article 19(1) (Purchase of Investor Securities by the Promoters);
- (jjj) "**Investor Securities**" shall mean all Shares and Debentures held by the Investor at the relevant time, including the Equity Shares resulting from the conversion of the Debentures;
- (kkk) "**IPO**" shall mean an underwritten initial public offering of Shares on a Recognized Stock Exchange;
- (lll) "**IPO Initiation Date**" shall have the meaning ascribed to it in the Agreement;
- (mmm) "**IRR**" shall mean an internal rate of return gross of tax of a specified percentage per annum, calculated using the Microsoft Excel XIRR function (or such other software program as may be mutually agreed between the Investor and the Promoters in writing) commencing from the date such investment is made till the date of actual receipt of the payment, and which shall take into account as part of the return: (i) the timing and amounts of all declared and paid cash distributions in the Company to the Investor or its transferees and (ii) any amounts paid to the Investor or its transferees (otherwise than by way of reimbursements for amounts which the Investor or transferee had made payments) pursuant to Article 3 (Indemnification), Clause 7 (Indemnification) of the SSPA and Clause 6 (Indemnification) of the Agreement; For the avoidance of doubt it is clarified that where IRR is to be calculated in relation to some of the Debentures or Shares only, the IRR will be computed with reference to such proportion of the Investment Amount as is relatable to those Debentures or Shares only;
- (nnn) "**IRR Price**" shall mean such price per Equity Share as set out in the Agreement;
- (ooo) "**Key Employees**" shall mean the individuals as identified in the Agreement;
- (ppp) "**Knightsville**" shall mean the **KNIGHTSVILLE PRIVATE LIMITED**, a company incorporated under the Companies Act, 1956 and having its registered office at Kankaria Estate, 5th Floor, 6 - Little Russell Street, Kolkata – 700071;
- (qqq) "**Law**" shall mean any applicable statute, law, regulation, ordinance, rule, judgment (whether interim or final), notification, rule of common law, order (whether interim or final), decree, bye-law, government approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, in each case, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question;
- (rrr) "**Lead Right-holder**" shall have the meaning as set forth in Article 13(6)3b (Assignment of Rights to a Transferee of Investor Securities);

- (sss) “**Liquidation Event**” with respect to the Company, shall mean any of the following:
- (i) Any liquidation, dissolution or winding up of the Company, either voluntary or involuntary;
  - (ii) Any Change in Control;
  - (iii) Any exercise of the Tag Along Right by the Investor in respect of all (and not less than all) the Investor Securities; and
  - (iv) Any appointment of a receiver by any court of law for administration of the dissolution of the Company, which appointment is not vacated within a period of 60 (sixty) Business Days;
- (ttt) “**Liquidation Preference**” shall have the meaning as set forth in Article 23 (Liquidation Preference);
- (uuu) “**Losses**” shall mean any direct losses, liabilities, claims, actions, damages, fines, penalties, deficiencies, costs and expenses (including interest, court fees, reasonable fees of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings of any claim, default or assessment), but excluding any indirect, remote or consequential damages and shall, in relation to a breach of a warranty, in addition to the above be calculated with respect to the diminution in the value of the Company as a result of such breach of warranty as may be determined by an independent chartered accountant;
- (vvv) “**Lower Price**” shall have the meaning as set forth in Article 12 (Anti-Dilution);
- (www) “**NRB**” shall mean Mrs. Namita Roy Burman, wife of SPRB;
- (xxx) “**NSDL**” shall mean National Securities Depository Limited;
- (yyy) “**Offer Notice**” shall have the meaning as set forth in Article 11(Additional Capital);
- (zzz) “**Offer Period**” shall have the meaning as set forth in Article 11 (Additional Capital);
- (aaaa) “**Offer Terms**” shall have the meaning as set forth in Article 11 (Additional Capital);
- (bbbb) “**Offered Price**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (cccc) “**Offeror**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (dddd) “**Other Shareholders**” shall mean the **PERSONS** listed in **SCHEDULE I** of the Agreement, which expression shall, unless repugnant to the context or meaning thereof, include, their respective heirs, executors, administrators, successors- and permitted assigns;
- (eeee) “**Party**” shall mean any of the Company, the Promoters, the Other Shareholders and the Investor;
- (ffff) “**Permitted Transferee**” shall mean any of the following Persons and individuals:
- (i) Knightsville;
  - (ii) SRB;
  - (iii) Ms. Tanushree Roy Burman;
  - (iv) Khadim Development Company Private Limited;
  - (v) Moviewallah Communications Private Limited;
  - (vi) Rittick Roy Burman (son of SRB);
  - (vii) Ritoban Roy Burman (son of SRB); and

- (viii) Any other Person consented to by the Investor in writing pursuant to Article 13 and 14 (Share Transfer Restrictions);
- (gggg) “**Person**” shall mean any natural person, limited or unlimited liability company, corporation, partnership (whether limited or unlimited), proprietorship, Hindu undivided family, trust, union, association, government or any agency or political subdivision thereof or any other entity that may be treated as a person under applicable Laws;
- (hhhh) “**Potential Buyer**” shall have the meaning as set forth in Article 20 (Drag-Along Right);
- (iiii) “**Promoter Director**” shall have the meaning as set forth in Article 6 (Board of Directors);
- (jjjj) “**Proposed Transferor**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (kkkk) “**Purchase Notice**” shall have the meaning as set forth in Article 19 (Purchase of Investor Securities by the Promoters);
- (llll) “**Purchasing Entity**” shall have the meaning as set forth in Article 19 (Purchase of Investor Securities by the Promoters);
- (mmmm) “**Recognized Stock Exchange**” shall mean the National Stock Exchange of India Limited, the Bombay Stock Exchange Limited and any other stock exchange that is mutually agreed between the Investor and the Promoters in writing;
- (nnnn) “**Related Party Transaction**” shall mean any transaction, agreement or arrangement between the Company and:
  - (i) Any Affiliate of the Company,
  - (ii) The Promoters, or any of them, or their respective Affiliates; or
  - (iii) Any Person in which the Promoters, or any of them, or any of their respective Affiliates has or collectively have a financial interest of more than 26% (twenty six per cent);
- and “**Related Party**” shall mean the persons mentioned in (i) to (iii) above.
- (oooo) “**Relative**” of an individual shall mean the parents, spouse, children and children’s children of that individual;
- (pppp) “**Reserved Matters**” shall mean the matters listed in SCHEDULE I of the Articles, subject to the general exclusions set out in Article 10 (Reserved Matters) and Article 6 (Board of Directors);
- (qqqq) “**Right-holder**” shall mean each transferee to whom the Investor has assigned rights pursuant Article 13(6), and shall include the Investor until such time as the Investor ceases to hold any Shares;
- (rrrr) “**Sale Notice**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (ssss) “**Sale Securities**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (tttt) “**Sale Shares**” shall mean the such number of Equity Shares purchased by the Investor from the Sellers pursuant to the Securities Subscription and Purchase Agreement;
- (uuuu) “**Second Adjourned Meeting**” shall have the meaning as set forth in Article 7 (Meetings of the Board);
- (vvvv) “**Securities Subscription and Purchase Agreement**” or “**SSPA**” shall mean the securities subscription and purchase agreement dated 20 September 2013 executed by and amongst the Company,

the Promoters, the Investor and certain other shareholders of the Company, as may be amended from time to time in accordance with the provisions thereof;

(wwww) “**Sellers**” shall mean (i) Khadim Development Company Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Kankaria Estate, 5th Floor, 6 - Little Russell Street, Kolkata - 700071, and (ii) Moviewallah Communications Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Kankaria Estate, 5th Floor, 6 - Little Russell Street, Kolkata - 700071;

- (xxxx) “**Share Capital**” shall mean the share capital of the Company;
- (yyyy) “**Shares**” shall mean shares in the Share Capital, whether equity or preference;
- (zzzz) “**Subsequent Right-holder**” shall have the meaning as set forth in Article 13(6)7 (Assignment of Rights to a Transferee of Investor Securities);
- (aaaaa) “**SPRB**” shall mean Mr. Satya Prasad Roy Burman, son of Late Adi Nath Roy Burman and shall include his heirs, executors, administrators, successors and permitted assigns;
- (bbbbbb) “**SRB**” shall mean Mr. Siddhartha Roy Burman, son of SPRB and shall include his heirs executors, administrators, successors and permitted assigns;
- (cccccc) “**Tag Along Closing**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (dddddd) “**Tag Along Notice**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (eeeeee) “**Tag Along Period**” shall have the meaning as set forth Article 14 (Investor’s Tag-Along Right);
- (ffffff) “**Tag Along Price**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (gggggg) “**Tag Along Right**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (hhhhh) “**Tag Along Securities**” shall have the meaning as set forth in Article 14 (Investor’s Tag-Along Right);
- (iiiiii) “**Third Party**” shall mean a Person who is not a Party;
- (jjjjjj) “**Third Party Sale**” shall mean a sale of the Investor Securities in accordance with Article 17 (Third Party Sale);
- (kkkkkk) “**Third Party Sale Closing**” shall have the meaning as set forth in Article 17 (Third Party Sale);
- (llllll) “**Third Party Sale Notice**” shall have the meaning as set forth in Article 17 (Third Party Sale); and
- (mmmmmm) “**Third Party Sale Transferee**” shall have the meaning as set forth in Article 17 (Third Party Sale).
- (nnnnn) “**Warranty and Indemnity Rights**” shall have the meaning as set forth in Article 13(6)2 (Assignment of Rights to a Transferee of Investor Securities)

## 2. VOTING AND DIVIDEND RIGHTS

All Equity Shares shall carry 1 (one) vote per Share and shall except as provided in these Articles rank *pari-passu* in all respects.

## 3. INDEMNIFICATION

- (1) The Company, SRB and Knightsville, jointly and severally, shall indemnify and hold the Indemnified Persons harmless from and against all Losses incurred or suffered by the Indemnified Persons by reason of or resulting from:
  - (a) Any misrepresentation or breach of the Company Warranties (subject to the exceptions disclosed in the Disclosure Letter against the specific Company Warranty); or
  - (b) Any breach of an agreement or covenant on the part of the Company under or pursuant to the SSPA or any other Definitive Agreement (other than the Agreement) which has not been cured within 30 (thirty) days of receipt of notice of such breach from the Investor; or
  - (c) The matters listed in SCHEDULE VI (Specific Indemnities) of the SSPA, notwithstanding anything contained or disclosed in the Disclosure Letter or in the Definitive Agreements;

in accordance with Clauses 7 and 8 of the SSPA, including procedure and limitations of liability.

- (2) The Company shall indemnify and hold the Indemnified Persons harmless from and against any and all Losses incurred or suffered by the Indemnified Persons by reason of or resulting from any material breach or non-compliance of an Indemnifiable Covenant by the Company which has not been cured within 30 (thirty) days of receipt of notice of such breach from the Investor, in accordance with Clause 6 of the Agreement.

#### **4. BORROWINGS AND FUNDING**

- (1) The Parties expressly agree that in the event the Company or any of its subsidiaries proposes to borrow funds from any Person, including but not limited to banks and financial institutions, the Investor shall not be required to give any warranties, letters of comfort and/or guarantees of any nature whatsoever for any loans or with regard to any aspect of the business or functioning of the Company or the relevant subsidiary unless otherwise mutually agreed between the Parties.
- (2) Unless otherwise mutually agreed between the Parties in writing, the Investor shall likewise not be required to pledge the Investor Securities or any of them or provide any security to any Third Party from whom the Company has borrowed funds, including but not limited to lenders of the Company or any of its subsidiaries

#### **5. BUSINESS PLAN**

- (1) The Business shall be conducted in accordance with the Business Plan for the relevant Financial Year. The shareholders shall exercise their respective voting rights to procure that the Company complies with the Business Plan.
- (2) The Investor and SRB have agreed on the initial Business Plan as specified in the Agreement for the period from Closing until March 31, 2014, which includes financial projections, cash flows, capital expenditure, financing requests, borrowings and forecasts for the Financial Year ending March 31, 2014.
- (3) The draft Business Plan for each succeeding Financial Year shall (i) be prepared in format substantially similar to the initial business plan at least 60 (sixty) days prior to the commencement of such Financial Year under the direction and supervision of SRB, and (ii) be tabled for approval of the Board at least 30 (thirty) days prior to the commencement of such Financial Year. A draft Business Plan which has been approved by the Board and an Investor Director shall be the Business Plan for the Financial Year to which it pertains.

- (4) If the draft Business Plan tabled before the Board under this Article is not approved, SRB may propose a revised Business Plan for the relevant Financial Year which, subject to there not being a variance of more than the percentage as set out in the Agreement as compared to the corresponding figures in the Business Plan for the previous Financial Year, shall be deemed to be approved by the Investor and the Board and shall be adopted by the Company as the Business Plan for the Financial Year to which it pertains. The Business for such Financial Year will be conducted in accordance with the revised Business Plan so proposed by SRB.
- (5) Once adopted, the Business Plan may be amended only by a resolution of the Board and shall be a Reserved Matter to be approved in accordance with Article 10 relating to Reserved Matters.

## 6. BOARD OF DIRECTORS

- (1) Subject to applicable Law, the business and affairs of the Company shall be conducted under the overall supervision of the Board.
- (2) The Board may exercise all such powers of the Company and do all such lawful acts and things as are permitted under applicable Law and the Charter Documents of the Company.
- (3) The Board shall consist of 7 (seven) Directors. The Investor shall be entitled to nominate such number of Directors on the Board as is determined in accordance with the following formula, with the result (in case of a fraction) being rounded off to the nearest whole number and in case the fraction ends in .50 (point five zero), the next higher whole number (each such Director, an "**Investor Director**"), provided however, that the Investor shall, at all times, so long as it holds 5% (five percent) or more of the Share Capital on a Fully Diluted Basis , as contemplated in Article 30(1)a (Lapse of Rights and Obligations) be entitled to nominate at least 1 (one) Director:

$$X = \frac{A}{B} \times C$$

Where:

X = The number of Directors that the Investor is entitled to nominate on the Board;

A = The number of Investor Securities on a Fully Diluted Basis;

B = The number of Equity Shares in the Fully Diluted Share Capital; and

C = The total strength of the Board;

- (4) SRB shall be entitled to nominate such number of Directors on the Board as is equal to the total strength of the Board less the number of Investor Directors (each such Director, a "**Promoter Director**"); and the Investor shall be entitled to nominate a non-voting observer to attend meetings of the Board, who shall not be entitled to participate in the deliberations of the Board.
- (5) The Board may decide to appoint a Director present at a meeting of the Board to be the chairman of such meeting of the Board. The chairman of the Board shall not have a second or casting vote.
- (6) All appointments of Directors shall take place at duly constituted meetings of the Board as the first item of business conducted thereat.
- (7) A Director shall not be required to hold any qualification Shares.
- (8) Without prejudice to the provisions contained in the Act, the office of a Director shall be vacated if:

- (a) such Director becomes prohibited or disqualified from being a Director by a reason of any order made under the Act or any other provisions of Law; or
  - (b) such Director resigns his office by notice in writing to the Company.
- (9) Subject to applicable Law, the Investor shall have the right to nominate an alternate Director for the Investor Directors who shall serve in the absence of the relevant Investor Director. Subject to applicable Law, the Investor alone shall be entitled to remove and replace the Investor Directors, including any alternate Director, by notice to such Director and the Company and also to appoint a person to fill any vacancy caused by an Investor Director vacating office for any reason.
- (10) The Articles shall provide for indemnification of the Directors against any liability incurred in connection with the discharge of their duties to the maximum extent permitted under applicable Law.
- (11) The composition of the board of directors of any subsidiaries of the Company shall be identical to that of the Board. The Investor shall also have the right to appoint a nominee and a non-voting observer to any statutory committee of the Board that the Board may constitute, which are currently the audit committee and the remuneration committee.
- (12) The Promoters shall be entitled to increase the size of the Board and appoint directors to comply with the applicable mandatory provisions of the Companies Act, 2013 and the rules made thereunder. Subject to the Investor continuing to have the rights under this Article 6 (Board of Directors) and Article 7 (Meetings of the Board), the rights of the Investor under Article 10 (Reserved Matters) such increase in size and/or appointment shall not constitute a Reserved Matters under Article 10 (Reserved Matters). It is further agreed between the Parties that subject to applicable Law, SRB shall continue to be entitled to his rights as envisaged in Article 6 (Board of Directors) and Article 7 (Meetings of the Board).
- (13) The Position of the Chairman and that of the Managing Director shall be held by a single individual who shall be designated as the Chairman and managing Director

## **7. MEETINGS OF THE BOARD**

- (1) The Board shall hold regular meetings at least once in every 3 (three) months, and at least 4 (four) such meetings shall be held in every Financial Year. Unless otherwise agreed to by the Directors, the notice for meetings of the Board shall be sent to the Directors at least 7 (seven) Business Days prior to the meeting together with the agenda specifying the business proposed to be transacted in the meeting, and relevant documents. A meeting of the Board may be held at shorter notice with the written consent (which may be signified by letter, facsimile or e-mail with receipt acknowledged) of at least 5 (five) Directors comprising 1 (one) of the Investor Directors and 1 (one) of the Promoter Directors.
- (2) Every notice convening a meeting of the Board shall set forth in full and sufficient detail each item of the business to be transacted thereat, and no item or business shall be transacted at such meeting, unless the same has been stated in full and in sufficient detail in the notice convening the meeting, except as otherwise consented to by all the Directors, or their respective alternate Directors, in writing. The notice and other supporting documents for all matters to be considered at the Board meeting must be furnished to all the Directors at least 7 (seven) Business Days prior to the date of the proposed Board meeting, except where such meeting is called on shorter notice in which case these must be furnished to all Directors as much in advance of the meeting as reasonably practical. The secretary (if any) of the Company shall prepare the notice for the meetings. If the secretary is unavailable, unwilling or unable to do so, the Director that summoned the meeting shall prepare the notice.

Note: Article 41(13) was inserted in the Article of Association by way of a special Resolution passed by the Members at an Annual General Meeting held on September 2014 at 12:30p.m

- (3) Any Director may, and the secretary of the Company, if so appointed, shall, on the requisition of a Director, summon a meeting of the Board, in accordance with the notice and other requirements set out in this Article.
- (4) The quorum for any meeting of the Board shall be the presence of such number of Directors as are required under the Act, subject to the presence of at least 1 (one) Investor Director or his duly appointed alternate Director and 1 (one) Promoter Director. A meeting of the Board shall not be held or continued without the presence, at all times, of the quorum unless such Director has expressly waived the requirement for his presence either in writing or by facsimile transmission.
- (5) If the quorum as set forth in the Article 7(4) is not achieved within 30 (thirty) minutes of the scheduled time at any meeting of the Board or ceases to exist at any time during the meeting, such meeting shall stand adjourned to the 5<sup>th</sup> (fifth) Business Day following the date on which the meeting was scheduled to be held, at the same location and time without the Company having to provide any notice for such adjourned meeting (it being understood that the agenda for such adjourned meeting (the "**First Adjourned Meeting**") shall be the same as the agenda for the original meeting) . If the quorum as set forth in Article 7(4) is not achieved at the First Adjourned Meeting within 30 (thirty) minutes of the scheduled time or ceases to exist at any time during the meeting, such meeting shall stand adjourned to the 5<sup>th</sup> (fifth) Business Day following the date on which the First Adjourned Meeting was scheduled to be held at the same location and time without the Company having to provide any notice for such adjourned meeting (it being understood that the agenda for such adjourned meeting (the "**Second Adjourned Meeting**") shall be the same as the agenda for the First Adjourned Meeting. If the quorum as set forth in Article 7(4) is not achieved at the Second Adjourned Meeting within 30 (thirty) minutes of the scheduled time for the Second Adjourned Meeting of the Board, the Directors present shall, subject to their constituting a valid quorum under the Act, constitute valid quorum at such Second Adjourned Meeting despite an Investor Director or Promoter Director not being present, provided that notwithstanding anything to the contrary contained elsewhere no Reserved Matters shall be considered at such adjourned Board Meeting, unless the Investor or an Investor Director has conveyed its consent in writing to the matter being considered. Further, if all the Investor Directors are unable to attend the Second Adjourned Meeting, with respect to the items other than the Reserved Matters, the Investor shall, if permitted by Applicable Law, prior to the date of the Second Adjourned Meeting, have the right to issue a written notice to the Company and the Promoters indicating his consent or dissent in respect of each item, which notice shall not be treated as a vote unless expressly permitted by applicable Law.
- (6) The execution of an agreement or any contract or arrangement, including granting of loans, between the Company and any Related Party or termination of such agreements, contracts or arrangements shall be decided upon only at the meetings of the Board.
- (7) Directors may participate in meetings of the Board through video or telephonic conference in accordance with applicable Law.
- (8) English shall be the language used at all Board meetings and non-English speaking Directors shall be required to express themselves through interpreters who have entered into confidentiality agreements with the Company.
- (9) A written resolution circulated to all the Directors, whether in India or overseas, and signed by the requisite majority of the Directors as approved shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board. If a Director, does not convey his acceptance or rejection of the proposed resolution within 15 (fifteen) days from the date of receipt of the requisite documentation including explanatory statements and supporting documents, he shall be deemed to have rejected the proposed resolution.
- (10) The Company shall bear all reasonable expenses of the observer of the Investor and all Directors incurred in the course of the Business, including, costs incurred in attending meetings of the Board and committees thereof.

- (11) The Investor Directors will be non-executive Directors.
- (12) The Investor Directors shall not be identified as officers in charge/default of the Company or occupier of any premises used by the Company or an employer of any employees of the Company. Further, the Promoters and the Company undertake to ensure that the other Directors or suitable persons are nominated as officers in charge/default and for the purpose of statutory compliances, occupiers and/or employers, as the case may be, in order to ensure that the Investor Directors do not incur any liability.
- (13) The Investor shall have identical rights in respect of all existing and future subsidiaries of the Company as it does in respect of the Company in terms of this Article.

## **8. SHAREHOLDERS' MEETINGS**

- (1) The Company shall hold at least 1 (one) General Meeting in any given calendar year. The annual General Meeting shall be held in each calendar year within 6 (six) months following the end of the previous Financial Year. All General Meetings other than the annual General Meeting shall be extraordinary General Meetings.
- (2) Prior written notice of 21 (twenty one) Business Days for a General Meeting shall be given to all shareholders; provided however, that any General Meeting may be held upon shorter notice in accordance with the provisions of the Act. All notices for General Meetings shall be in writing, shall be sent to each shareholder accompanied by an agenda specifying, in full and sufficient detail, the business proposed to be transacted in the meeting, and relevant documents. The notice shall also specify the place, date and time of the meeting and no business shall be transacted at such meeting unless the same has been stated in the notice convening the meeting.
- (3) The Chairman of the Board shall be the Chairman for all general meetings unless the meeting is called by the Investor and the then Chairman, is not available for such meeting, in which case the Investor will appoint the Chairman for that meeting. The Chairman shall not have any second or casting vote.
- (4) English shall be the language used at all shareholder meetings and non-English speaking shareholders shall be required to express themselves through interpreters who shall have entered into prior confidentiality agreements with the Company.
- (5) Any shareholder of the Company may appoint another Person as his proxy (and in case of a corporate Shareholder, an authorized representative) to attend a meeting and vote thereat on such shareholder's behalf, provided that the power given to such proxy or representative is in writing. Any Person possessing a proxy or other such written authorization with respect to any Shares shall be able to vote on such Shares and participate in meetings as if such Person were a shareholder.
- (6) At least 5 (five) shareholders, one of whom shall be the Investor represented through its authorised representative, shall be necessary to form a quorum for a valid General Meeting unless the authorized representative of the Investor provides written notice prior to commencement of any General Meeting or adjourned meeting waiving the requirement of their/his presence to constitute valid quorum for a particular General Meeting or adjourned meeting, as the case may be.
- (7) If a quorum is not present within 30 (thirty) minutes of the scheduled time for any General Meeting or ceases to exist at any time during the meeting, then the meeting shall be adjourned, to the same day, place and time in the next succeeding week (it being understood that the agenda for such adjourned meeting shall remain unchanged). The quorum for such adjourned meeting shall be the shareholders present thereat, not being less than 5 (five), but including the authorized representative of the Investor. In the event that within half an hour from the time appointed for such adjourned and reconvened meeting, the requisite quorum is not present, the shareholders present (being more than one) shall constitute the quorum, provided that items which were not on the agenda for the original General Meeting shall not be considered at such adjourned General Meeting and further, notwithstanding anything to the contrary contained

elsewhere in these Articles no Reserved Matters shall be considered at such adjourned General Meeting. Further, if the authorised representative of the Investor is unable to attend the adjourned and reconvened meeting, with respect to the items which shall exclude the Reserved Matters, the Investor shall, if permitted by applicable Law, prior to the date of the adjourned General Meeting, have the right to issue a written notice to the Company and the Promoters indicating its consent or dissent, which notice shall not be treated as a vote unless expressly permitted by applicable Law.

- (8) Subject to the provisions of the Act and the Article 10 pertaining to Reserved Matters, all decisions of the shareholders of the Company shall be made by simple majority.

## **9. EXERCISE OF VOTING AND OTHER RIGHTS BY PARTIES**

- (1) If a resolution in breach of the terms of these Articles is passed at any General Meeting or at any meeting of the Board or any committee thereof, such resolution shall be null and void.
- (2) The Parties hereby agree and understand that the Investor shall have identical rights in respect of all existing and future subsidiaries of the Company as it does in respect of the Company in terms of Article 7 (Meetings of the Board), Article 9 (Exercise of Voting And Other Rights By Parties); Article 10 relating to Reserved Matters and Article 24 relating to Audit, Information and Inspection Rights.
- (3) The Company and the Promoters agree and undertake that no resolution on a Reserved Matter at meetings of the shareholders of subsidiaries of the Company shall be passed without the consent of the Board of Directors of the Company which shall include the affirmative vote of an Investor Director as a Reserved Matter.

## **10. RESERVED MATTERS**

- (1) Notwithstanding anything to the contrary contained in these Articles except for the provisions of Article 10(4) and Article 6(12) no action shall be taken by or with respect to the Company, whether in meetings of the Board (including committees thereof) or shareholders of the Company, in relation to any Reserved Matter without following the procedure set forth in Article 10 (2). If a resolution contrary to the terms of this Article is passed at any General Meeting or at any meeting of the Board or any committee thereof, such resolution shall be null and void.
- (2) A resolution relating to a Reserved Matter shall be considered approved only if it has been approved (i) at a meeting of the Board or by written circulation, by an Investor Director and (ii) if applicable, at a General Meeting, by a vote cast by the authorized representative of the Investor in such General Meeting.
- (3) The Parties hereby agree and understand that the Investor shall have identical rights in respect of all existing and future subsidiaries of the Company as it does in respect of the Company in terms of this Article.
- (4) Notwithstanding any provisions to the contrary in these Articles, the following shall not be Reserved Matters:
- (1) The conduct of an IPO after the IPO Initiation Date but before the Cut-off Date (or Extended Cut-off Date, if applicable) if the Fair Market Value of the Equity Shares determined prior to initiating the IPO is such that it would provide the Investor a minimum IRR as set out in the Agreement on the Investment Amount if all the Investor Securities are sold at such price; provided that if the lower end of the price band of the Equity Shares as estimated immediately prior to the filing of the Red Herring Prospectus with SEBI (or such similar date by when the price band of the issue is determinable) is such that the price per Share does not provide the Investor an IRR as set out in the Agreement on the Investment Amount if all the Investor Securities are sold at such price, then the prior written consent of the Investor shall be required for such listing;. It is clarified that (a) if the Fair Market Value of the Equity Shares

determined prior to initiating the IPO is such that it would not provide the Investor a minimum IRR as set out in the Agreement on the Investment Amount if all the Investor Securities are sold at such price, the initiation and conduct of such IPO shall be a Reserved Matter, and (b) if the lower end of the price band of the Equity Shares as estimated immediately prior to the filing of the Red Herring Prospectus with SEBI (or such similar date by when the price band of the issue is determinable) is such that the price per Share does not provide the Investor an IRR of at least such percentage as is set out in the Agreement on the Investment Amount if all the Investor Securities are sold at such price, the prior written consent of the Investor shall be required for such listing;

- (2) Any issuance of Shares as specified in Clause 13.4(ii) of the Agreement.

## 11. ADDITIONAL CAPITAL

- (1) If the Company proposes to issue any Shares, or instruments convertible into Equity Shares (the “**Additional Securities**”) to any Person, the Company shall first offer the Additional Securities to the shareholders of the Company in proportion to their respective shareholdings in the Fully Diluted Share Capital, on terms and conditions which shall be set out in a written notice with respect to such further issue (the terms of such offer, the “**Offer Terms**”, and the notice, the “**Offer Notice**”).
- (2) Upon such offer being made, the shareholders of the Company shall have the right to accept the Offer Terms for their respective pro rata entitlement to the Additional Securities within a period of 30 (thirty) Business Days from the date of receipt of the Offer Notice (the “**Offer Period**”).
- (3) If a shareholder does not respond to the Offer Notice within the Offer Period, or declines to subscribe to any portion of its entitlement to the Additional Securities, the Company shall offer the Additional Securities not subscribed to by such shareholder to the other shareholders of the Company pro-rata to their shareholding in the Company on a Fully Diluted Basis and each such other shareholder shall have the right to accept its respective pro-rata entitlement of such unsubscribed Additional Securities within a period of 30 (thirty) Business Days from the date of receipt of the offer under this Article. The Investor may exercise this right either itself or through an Affiliate, subject to such Affiliate executing a deed of adherence in the form provided in Part A of Schedule V of the Agreement. The Investor hereby undertakes that it shall procure and be responsible for compliance by such Affiliate with the obligations to make payments of the subscription amount in respect of any Additional Securities subscribed by the Affiliate.
- (4) If, after any Additional Securities that have not been subscribed to by a shareholder have been offered in terms of Article 11(3) to the other shareholders of the Company, a shareholder does not respond within the time period specified in Article 11(3) or declines to subscribe to any portion of its entitlement, the Company shall be free to issue and allot the Additional Securities not subscribed by such shareholder to any Person at a price no less than, and on terms and conditions no more favourable to such other Person than, the Offer Terms.
- (5) The Company shall complete the issue and allotment of Additional Securities on the Offer Terms to the shareholders who have agreed to subscribe to their entitlement to the Additional Securities and/or such other Person that has agreed to subscribe to the Additional Securities within 30 (thirty) Business Days from the expiry of the period specified in Article 11(3), or with the prior written approval of the Investor, within 60 (sixty) Business Days from the expiry of the period specified in Article 11(3).
- (6) Nothing stated in this Article shall apply to any issuance of Shares as specified under Clause 14.6 of the Agreement.

## 12. ANTI-DILUTION

- (1) The Company and the Promoters shall not grant any Person rights which are more favourable than the rights accorded to the Investor under the Agreement and these Articles. In the event that the Investor agrees to the grant of more favourable rights to any other Person, such rights shall also be deemed extended to the Investor.
- (2) If the Company issues any Equity Shares or instruments convertible into Equity Shares to any Person (each such Person, a “**Down-round Investor**”) and the price per Equity Share or instrument convertible into Equity Shares (as determined in accordance with Article 12(3) below paid by the Down-round Investor or the conversion price of such Equity Shares or instruments is less than the Investment Price (the “**Lower Price**”), then notwithstanding anything stated in **Schedule I** of the SSPA :
- (a) If the Debentures have not been converted into Equity Shares at the time when the Equity Shares or instruments convertible into Equity Shares are issued to the Down-round Investor, then the Investor shall be entitled to be issued such number of additional Equity Shares, without cost so that the average price of all the Investor Securities (which, for the avoidance of doubt, shall include the Sale Shares; and shall assume the Debentures have been converted at the Investment Price) is equal to the Lower Price. If it is not permissible under applicable Law to issue additional Equity Shares to the Investor free of cost, then the conversion ratio of the Debentures held by the Investor shall be suitably adjusted to achieve the same objective; and
  - (b) If the Debentures have been converted prior to the issue of the Shares or instruments convertible into Equity Shares to the Down-round Investor, the Investor shall be entitled to be issued such number of additional Equity Shares, free of cost, or at the lowest possible price, that the Investor Securities (which, for the avoidance of doubt, shall include the Sale Shares) after such issuance constitute such percentage of the Fully Diluted Share Capital which the Investor would have been entitled to had it invested the Investment Amount at Closing at the Lower Price.
- (3) For the purposes of above Article 12(2) :
- i. The price per Equity Share paid by a Down-round Investor to whom Equity Shares have been issued shall be obtained by dividing the aggregate amount paid by such Down-round Investor towards subscription to all the Equity Shares by the total number of Equity Shares issued to the Down-round Investor; and
  - ii. The price per Equity Share paid by a Down-round Investor to whom any convertible instrument has been allotted shall be obtained by dividing the aggregate price paid by such Down-round Investor for all the convertible instruments (including the amount payable at the time of conversion of such convertible instrument) by the minimum number of Equity Shares that the convertible instrument is entitled to convert into, in accordance with its terms as on the date of the Down-round Investor’s investment.
- (4) Nothing stated in this Article shall apply to any issuance of Shares as specified under Clause 15.4 of the Agreement

## **SHARE TRANSFER RESTRICTIONS**

### **13. SHARE TRANSFER RESTRICTIONS -GENERAL**

- (1) Transfer and Encumbrance of Promoter Shares and Shares held by Other Shareholders
- Notwithstanding anything else contained in these Articles, the Shares held by the Promoters and the Other Shareholders shall not be transferred or Encumbered without the prior written consent of the Investor except as expressly provided for under this Article. The consent of the Investor shall not be required for:

1. An Encumbrance of Shares held by the Promoters or the Other Shareholders solely to raise financing for a purchase of the Investor Securities pursuant to Article 18 relating to Buy-back of Investor Securities by the Company and/or Article 19 relating to Purchase of Investor Securities by the Promoters, provided that the transfers contemplated in Article 18 and/or Article 19 are completed immediately thereafter; or
2. A transfer of Shares by Knightsville, SRB, SPRB or NRB to a Permitted Transferee, in terms of Article 13 (3) below; provided that (i) there shall be no change in the shareholding pattern or capital of the Permitted Transferee for as long as such Permitted Transferee holds Shares in the Company; and (ii) in the case a Permitted Transferee (other than an individual) ceases to be Related Party of the Company then such Shares shall forthwith be transferred back to the Promoter (and in the case of the Promoter being SPRB or NRB, shall be transferred back to SRB);

While seeking the consent of the Investor under Article 13 (1), the Promoters or Other Shareholders as the case may be shall disclose the manner (including the price, if applicable) of proposed transfer/Encumbrance to the Investor. The Investor shall be entitled to refuse its consent without assigning any reason.

(2) Transfer of shares of Knightsville

So long as the Investor holds any Investor Securities and so long as Knightsville or a Permitted Transferee (being a body corporate) holds any Shares in the Company, the shares held by the Promoters and the Other Shareholders in Knightsville or the Permitted Transferee (as the case may be) shall not be transferred or Encumbered without the prior written consent of the Investor; provided that the consent of the Investor shall not be required for an Encumbrance of shares in Knightsville or the Permitted Transferee held by the Promoters or the Other Shareholders solely to raise financing for a purchase of the Investor Securities pursuant to Article 18 relating to Buy-back of Investor Securities by the Company and/or Article 19 relating to Purchase of Investor Securities by the Promoters provided that the transfers contemplated in Article 18 and/or Article 19 are completed immediately thereafter.

The Investor agrees that the release of Escrowed Shares for the purposes of transfers permitted without prior written consent of the Investor under Articles 13(1)1, 13(1)2 and 13(2) (other than transfers to a Permitted Transferee which is a Person other than an individual or Knightsville (so long as the voting rights or issued share capital of Knightsville continues to be wholly held by some or all of the Promoters (other than SPRB or NRB))) may be made by unilateral notice to the Escrow Agent in the manner set out in the Escrow Agreement and no Investor Escrow Notice will be required for the same. It is clarified that any such transfer to a Permitted Transferee which is a Person other than an individual or Knightsville (so long as the voting rights or issued share capital of Knightsville continues to be wholly held by some or all of the Promoters (other than SPRB or NRB)) will require an Investor Escrow Notice, in accordance with the Escrow Agreement.

(3) Transfers by Knightsville, SRB, SPRB or NRB to Permitted Transferees

1. If Knightsville, SRB, SPRB or NRB is desirous of transferring or gifting any Shares to a Person who is not previously included in the list of Permitted Transferees, Knightsville, SRB, SPRB or NRB may request the Investor to consent to the inclusion of such Person in the list of Permitted Transferees. The Investor shall consider such request in good faith, and shall not unreasonably withhold or delay consent to the inclusion of such Person in the list of Permitted Transferees if (A) in case of a corporate entity, the voting rights or issued share capital of which is wholly held by some or all of the Promoters (other than SPRB or NRB) the Promoters shall ensure that the shares held by the Promoters and the Other Shareholders in such Permitted Transferee are escrowed in the manner specified in Article 13(4) relating to Escrow of Promoter Shares and shares of Knightsville simultaneously with the transfer of Shares to such Permitted Transferee, and (B) in case of an individual is a Relative of SRB.

2. If Knightsville, SRB, SPRB or NRB is desirous of transferring any Shares to a Permitted Transferee, Knightsville, SRB, SPRB or NRB (as the case may be) shall deliver written notice of the proposed transfer to the Investor (the “**Inter-se Transfer Notice**”), which shall (A) specify the identity of the Permitted Transferee, (B) include an undertaking that Knightsville or SRB, as the case may be, shall procure that the Permitted Transferee complies with its obligations under the Agreement, and (C) enclose a duly executed Deed of Adherence in the form provided in **Part B** of Schedule V of the Agreement whereby the Permitted Transferee has undertaken to be bound by the obligations of Knightsville, SRB, SPRB or NRB under the Agreement, the SSPA and the Charter Documents of the Company. The undertaking and deed of adherence referred to above shall be effective only when the transfer contemplated hereinabove is effected.
3. If the Permitted Transferee is a company, the Promoters shall ensure that for as long as such Permitted Transferee holds Shares in the Company, the shares held by the Promoters and the Other Shareholders in such Permitted Transferee are escrowed in the manner specified in Article 13(4) relating to Escrow of Promoter Shares and shares of Knightsville simultaneously with the transfer of Shares to such Permitted Transferee.
4. Notwithstanding anything else in the Agreement or these Articles, none of the Promoters or any of the Other Shareholders or the Permitted Transferees is entitled to transfer any of their Shares to SPRB or NRB.
5. It is clarified that the Promoters shall continue to be bound by their respective obligations under the Definitive Agreements after a transfer of any of its Shares in the Company or Knightsville to a Permitted Transferee.

(4) Escrow of Promoter Shares and shares of Knightsville

1. On and from Closing, all of the Shares of the Company held by the Promoters, Sellers and NRB and all shares of Knightsville held by SPRB, SRB and their Affiliates (including NRB and the Sellers) (“**Escrowed Shares**”) shall be and remain in escrow with the Escrow Agent in terms of an escrow agreement (the “**Escrow Agreement**”) to be entered into between the Promoters, the Sellers, NRB, TRB, the Company, the Investor and the Escrow Agent. The instructions for release of the Escrowed Shares may be given by SRB and/or the Investor and the release of Escrowed Shares shall be as provided in the Escrow Agreement. Where the Escrow Agreement requires any notice or instruction to be issued by the Investor (whether singly or jointly), such notice shall be referred to as the “**Investor Escrow Notice**” hereunder.
2. Immediately upon the rematerialization of the shares held by the Promoters, Sellers and NRB in the Company, the physical share certificates shall be delivered to the Escrow Agent and kept in escrow in terms of the Escrow Agreement and within the timelines set out in the SSPA.
3. If (A) the Agreement or the Investor’s rights thereunder are terminated, or (B) Knightsville or any Permitted Transferee being a body corporate ceases to hold any Shares pursuant to a transfer or gift of Shares in accordance with the Agreement, the Investor shall execute such forms as may be necessary, deliver, and procure that the Investor Directors deliver, written instructions and execute all forms as may be necessary for the release of the Shares or shares of Knightsville or the relevant Permitted Transferee (as the case may be) which are escrowed in accordance with this Article 13(4), and shall do so in accordance with the Escrow Agreement.
4. The Investor shall do all such acts and deeds as may be necessary to enable and facilitate a transfer of shares that is permitted under this Article, including delivering, and procuring that the Investor Directors deliver, all written instructions and executed forms as may be necessary for the release of the shares sought to be transferred as soon as reasonably practicable.

(5) Transfer of Investor Securities

1. Notwithstanding anything else contained in the Agreement or these Articles, the Investor may freely transfer any of the Investor Securities to any of its Affiliates subject to such Affiliate executing a deed of adherence in the form provided in Part A of Schedule V of the Agreement.
2. Prior to the Cut-off Date (or Extended Cut-off Date, if applicable), the Investor Securities shall not be transferred except as expressly provided in the Agreement and these Articles, without the prior written consent of the Promoters; provided that any or all of the Investor Securities may be sold to one or more Financial Investors prior to the Cut-off Date (or Extended Cut-off Date, if applicable) in consultation with the Promoters.
3. After the Cut-off Date (or Extended Cut-off Date, if applicable) but before the expiry of 5 (five) months from the Cut-off Date (or Extended Cut-off Date, if applicable), the Investor Securities (or any of them) may be freely sold to a Financial Investor.
4. Notwithstanding the provisions of sub-article (5)2 or (5)3, if an Event of Default occurs at any time prior to the expiry of 5 (five) months from the Cut-off Date (or Extended Cut-off Date, if applicable) which is not cured within the cure period set out in Article 25 relating to Event of Default, the Investor Securities (or any of them) may be freely sold or otherwise transferred to any Person, other than a Competitor, without prejudice to any other rights of the Investor. If (A) the Event of Default is not cured within the cure period set out in Article 25, and (B) the Investor Securities have not been purchased in accordance with Article 17 (Third Party Sale), Article 18 (Buy-back of Investor Securities by the Company) or Article 19 (Purchase of Investor Securities by the Promoters) (excluding the time periods contained therein), within a period of 60 (sixty) days of receipt of the Default Exit Notice, otherwise than by reason of factors set out in Article 17, Article 18 or Article 19, the Investor may, without prejudice to any of its other rights, freely transfer the Investor Securities (or any of them) to any Person, including a Competitor.
5. Notwithstanding anything stated in the Agreement or these Articles:

The Investor shall not transfer any Investor Securities to any Person not resident in India (as such term is understood under Law applicable to foreign investments) unless such transfer is permitted under applicable Law then in force. If the Investor proposes to transfer Investor Securities to any Person not resident in India, it shall consult SRB, not less than 15 (fifteen) days prior to such transfer regarding the permissibility of such transfer under applicable Law.

In the event that (1) the Investor is not accorded an exit in terms of Article 15 to 20 within a period of 5 (five) months from the Cut-off Date (or Extended Cut-off Date, if applicable), and (2) the requirement to provide the Investor with an exit has not lapsed pursuant to Article 17 or Article 18 or Article 19, the Investor Securities (or any of them) may be freely transferred to any Person, including a Competitor, without prejudice to any other rights of the Investor.

(6) Assignment of Rights to a Transferee of Investor Securities

1. A transfer of Investor Securities (including a transfer to an Affiliate of the Investor) shall not result in a transfer, assignment or multiplication of any rights (other than the legal rights attached to the Investor Securities by Law) of the Investor under these Articles, except as specifically provided in this Article.

Assignment of Rights on Sale Prior to the Cut-off Date

2. Full Sale: If, prior to the Cut-off Date, the Investor sells, in accordance with the terms of the Agreement and these Articles, all (and not less than all) of the Investor Securities (held by the Investor as at Closing), whether in the form of Debentures or Shares, to a single transferee, the Investor shall have the right, at its discretion, to assign, along with such sale to such transferee (A) all rights of the Investor under the Article and (B) all rights of the Investor under Clause 4 (Representations and Warranties) of the Agreement, Article 3 (Indemnification) and Clause 7 of the SSPA, to the extent that such rights are available to the Investor at the time of such assignment (the “**Warranty and Indemnity Rights**”).
  
3. Part Sale: If, prior to the Cut-off Date, the Investor sells, in accordance with the terms of the Agreement or these Articles, less than all of the Investor Securities, whether in the form of Debentures or Shares, the Investor shall have the right, at its discretion, to assign, along with such sale, to such transferees (A) rights of the Investor under the Agreement and the Articles, and (B) the Warranty and Indemnity Rights, in the manner set out below:
  - a. The Block Rights shall be exercised by the Right-holders as a block and not individually;
  - b. Subject to paragraph (e) below, all rights other than Block Rights may be exercised by each of the transferees individually;
  - c. The Investor shall, at the time of such assignment, designate one (and not more than one) of the Right-holders as representing all the Right-holders (the “**Lead Right-holder**”), who shall (1) be the Right-holder holding the maximum number of Shares, and (2) be entitled to issue any consents, waivers and notices under these Articles with respect to the Block Rights and to issue an Investor Escrow Notice, in each case on behalf of all Right-holders;
  - d. Any such Investor Escrow Notice or consent, waiver, or notice received from the Lead Right-holder in respect of a Block Right shall be deemed to be for and on behalf of each Right-holder, and the Company, the Promoters and the Other Shareholders shall be entitled to rely on such Investor Escrow Notice or consent, waiver or notice as accurately representing the wishes and instructions of all Right-holders, and act on the basis of the same; and
  - e. Only one Right-holder on behalf of the other Right-holders (who chooses to participate) shall be entitled to issue (i) a Default Exit Notice in respect of a particular event under Article 25 (Event of Default); and/or (ii) a Claims Notice in respect of a particular claim under Article 3; and/or (iii) a Claims Notice in respect of a particular claim under Clause 6 (Indemnification) under the Agreement and/or (iv) a Claims Notice in respect of a particular claim under Clause 7 (Indemnification) of the SSPA. It clarified that the rights of the Right-holders who choose not to participate with the first mentioned Right-Holder in respect of a particular event or a particular claim shall lapse in respect of such event or claim, as the case may be. It is further clarified that all the Right-holders who choose to participate shall be individually entitled to all the remedies provided under Article 25 (Event of Default) and Article 3 (Indemnification), Clause 7 (Indemnification) under the SSPA and Clause 6 (Indemnification) under the Agreement, together with the Right-holder that delivered the Default Exit Notice or Claims Notice.

*Assignment of Rights on Sale After the Cut-off Date*

4. If, after the Cut-off Date, the Investor sells all or less than all of the Investor Securities, whether in the form of Debentures or Shares, to one or more transferees, the Investor shall have the right, at its discretion, to assign, along with such sale to such transferees (A) all its rights under the Articles, and (B) the Warranty and Indemnity Rights, in the

same manner as provided in Article 13(6)3a (if there is more than 1 (one) Right-holder) or as provided in Article 13(6)3e if there is only 1 (one) Right-holder), in each case subject to the following modifications:

- a. References in these Articles to “the Cut-Off Date (or Extended Cut-off Date, if applicable)” shall be construed as the Extended Cut-off Date.
- b. The IRR Price for the period after such transfer shall, in relation to such Right-holders, be calculated in the manner set out in the Agreement in the definition of IRR Price, and the references to “IRR Price” under these Articles shall be construed accordingly. Further, for the period after such transfer, the references to the IRR in Article 15 relating to (Initial Public Offering) and Article 10 relating to (Reserved Matters) shall be deemed to mean the revised IRR as provided in this Article.
- c. The conduct of an IPO after the IPO Initiation Date but before the Cut-off Date (or Extended Cut-off Date, if applicable) shall not be a Reserved Matter if the Fair Market Value of the Equity Shares determined prior to initiating the IPO is such that it would provide the Right-Holder the minimum IRR specified in Article 13(6)4b on the Investment Amount if all the Investor Securities are sold at such price; provided that if the lower end of the price band of the Equity Shares as estimated immediately prior to the filing of the Red Herring Prospectus with SEBI (or such similar date by when the price band of the issue is determinable) is such that the price per Share does not provide the Right-Holder the minimum IRR specified in Article 13(6)4b on the Investment Amount if all the Investor Securities are sold at such price, then the prior written consent of the Right-Holder shall be required for such listing;. It is clarified that (a) if the Fair Market Value of the Equity Shares determined prior to initiating the IPO is such that it would not provide the Right-Holder the minimum IRR specified in Article 13(6)4b on the Investment Amount if all the Investor Securities are sold at such price, the initiation and conduct of such IPO shall be a Reserved Matter, and (b) if the lower end of the price band of the Equity Shares as estimated immediately prior to the filing of the Red Herring Prospectus with SEBI (or such similar date by when the price band of the issue is determinable) is such that the price per Share does not provide the Right-Holder the minimum IRR specified in Article 13(6)4b on the Investment Amount if all the Investor Securities are sold at such price, the prior written consent of the Right-Holder shall be required for such listing.
- d. SRB and Knightsville shall exercise commercially reasonable efforts to facilitate such sale by providing customary warranties with respect to the Business.

*Sale on or after the Cut-off Date but before the expiry of 5 months from the Cut-off Date*

5. If, on or after the Cut-off Date but before the expiry of 5 months from the Cut-off Date, the Investor sells, in accordance with the Agreement or these Articles, all or less than all of the Investor Securities, whether in the form of Debentures or Shares, to one or more Financial Investors, the Investor shall have the right, at its discretion, to assign, along with such sale to such transferees (A) all its rights under the Agreement and these Articles, and (B) the Warranty and Indemnity Rights, in the same manner as provided in Article 13(6)3a to Article 13(6)3e above (if there is more than 1 (one) Right-holder) or as provided in Article 13(6)2 (if there is only 1 (one) Right-holder), in each case, subject to the modifications provided in Article 13(6)4 and subject to the following further modification:

- (A) The rights of the Investor under Articles 16 to 20 shall be assignable to such transferees in respect of the Extended Cut-off Date notwithstanding the fact that the Investor's rights under Articles 16 to 20 may have lapsed in respect of the Cut-off Date pursuant to Articles 17(5), 18(2) and 19(3).

6. The Investor shall be entitled to assign its rights as set out in this Article 13(6) to a maximum of 2 (two) transferees and shall not assign the Block Rights to more than 1 (one) transferee.
  7. A Right-holder who has been assigned rights by the Investor under this Article shall not be entitled to transfer or assign its rights under the Definitive Agreements, except to a transferee of all (and not less than all) the shares held by such Right-holder to a single transferee (a “**Subsequent Right-holder**”).
  8. An assignment of rights permitted under this Article shall be valid only if: (A) the assignment (and, if applicable, the designation of the Lead Right-holder) is made by the Investor in writing and signed by the proposed Right-holders in token of their acceptance, (B) all proposed Right-holders execute a deed of adherence in the form provided in Part A of Schedule V of the Agreement, and (C) such instrument of assignment and deed of adherence are delivered to SRB on behalf of the Company, the Promoters and the Other Shareholders within 30 (thirty) days of such transfer.
  9. Notwithstanding anything stated in this Article, all rights (other than right to receive information under Article 24 (Audit, Information and Inspection Rights)) of the Investor and/or of any Right-holder under the Definitive Agreements and the Articles (to the extent that any provision of the Definitive Agreements have been incorporated into the Articles) shall lapse as against such Investor or Right-holder (as the case may be), if the shareholding of such Right-holder is reduced to below 5% (five per cent) of the Fully Diluted Share Capital. It is clarified that the other Right-holders who hold 5% (five per cent) or more of the Fully Diluted Share Capital will continue to have all the rights validly assigned to them and which have not terminated as envisaged in the Definitive Agreements.
  10. The term “Shares”, when used in this Article, shall be deemed to include any Shares, securities or convertible instruments issued by the Company.
  11. To the extent that any rights assigned to a transferee or Right-holder in this Articles, the transferee or Right-holder shall also be entitled to the benefit of such rights as provided in the Articles.
  12. For the avoidance of doubt it is clarified that neither the Investor nor any transferee shall be entitled to assign rights which have terminated or lapsed under the terms of the Agreement or these Articles, save as provided in Article 13(6)(A).
  13. Notwithstanding anything else contained in these Articles, if a Right-holder’s rights to be provided with an exit after the Extended Cut-off Date lapses pursuant to Articles 17(5), 18(2) or 19(3), all rights of such Right-holder under the Definitive Agreements and these Articles (to the extent that any provision of the Definitive Agreements have been incorporated into these Articles) shall immediately lapse. The Promoters and the Company shall, in good faith, negotiate with such Right-holder and/or its transferee(s) with respect to any rights to be provided to its transferee(s) after the rights of the Right-holder under the Definitive Agreements and the Articles (to the extent that any provision of the Definitive Agreements have been incorporated into the Articles) have lapsed.
14. **INVESTOR’S TAG-ALONG RIGHT**
- (1) If a Promoter or NRB or either of the Sellers (“**Proposed Transferor**”) intends to sell any Shares to any Person(s) (other than the Investor or, in the case of a Promoter, a Permitted Transferee) (the “**Offeror**”, and such Shares, the “**Sale Securities**”), such Proposed Transferor shall provide a written notice of such intended sale to the Investor (the “**Sale Notice**”), which shall mention the price per Sale Security offered by the Offeror (the “**Offered Price**”), the identity of the Offeror, all other material terms of the offer (including any consideration other than cash receivable by the Proposed Transferor) and a request for the Investor’s consent for such sale in terms of Article 13. The Offered Price shall be duly adjusted for any non-cash

component (net of taxes) being paid to the Proposed Transferor for the Sale Securities (the “**Tag Along Price**”) and on the same terms and conditions as it offers for the Sale Securities. It is clarified that in the event that any Debentures remain unconverted, the price payable for such Debentures will be on an as if converted basis and shall be calculated based on the Investment Price. The sale of the Sale Securities by the Proposed Transferor to the Offeror shall be subject to the Offeror also purchasing the Tag Along Securities (as defined below), on the same terms and conditions as the Sale Securities (unless the Tag Along Price is less than the IRR Price, in which case the Tag Along Price shall be the IRR Price).

- (2) The Investor shall be entitled to, within a period of 30 (thirty) days from the date of receipt of Sale Notice (the “**Tag Along Period**”), by notice in writing to the relevant Proposed Transferor, either (a) reject the offer of the Offeror; or (b) to offer the Tag Along Securities to the Offeror at the Tag Along Price and on the terms and conditions contained in the Sale Notice (the “**Tag Along Right**”). If the Investor has not exercised its Tag Along Right in accordance with this Article, nor has it rejected the offer of the Offeror as contemplated herein, it shall be deemed to have rejected the offer of the Offeror. For the avoidance of doubt it is clarified that, subject to having procured the consent of the Investor in terms of Article 13, the Proposed Transferor shall be entitled to proceed with the sale on terms and conditions no more favourable to the Proposed Transferor than as those set out in the Sale Notice in the event that the Investor has rejected the offer or deemed to have rejected the offer. If the Tag Along Right is exercised and the Tag Along Price is less than the IRR Price, unless the Offeror is willing to pay the higher amount for the Tag Along Securities, the consideration payable to the Proposed Transferor in respect of the Sale Securities shall be appropriately adjusted so that the Investor receives the IRR Price for the Tag Along Securities.
- (3) If the Investor wishes to exercise the Tag Along Right, it shall issue a notice in the Tag Along Period (the “**Tag Along Notice**”), stating clearly the number of Equity Shares held by it (or which will result from the conversion of the Debentures) which are to be purchased by the Offeror (the “**Tag Along Securities**”) within the Tag Along Period. The number of Tag Along Securities shall be subject to the Article below. The issuance of the Tag Along Notice shall be deemed to authorize the Company to convert the relevant number of Debentures into Equity Shares at the Investment Price, and the Company shall effect such conversion immediately prior to the sale and purchase of the Tag Along Securities by the Offeror in accordance with the terms of issue of the Debentures.
- (4) If, after the proposed sale of the Sale Securities by the Proposed Transferor, the collective shareholding of the Promoters and the Permitted Transferees of the Promoters, would remain equal to or greater than 51% (fifty one per cent) of the Fully Diluted Share Capital, the Investor shall have the right to tender up to such number of Tag Along Securities which shall be equal to or less than the number of Sale Securities.
- (5) Subject to the time period required to obtain any regulatory approvals required from Governmental Authorities, if any, the Offeror shall complete the purchase of the Sale Securities and the Tag Along Securities and the Proposed Transferor and the Investor shall sell the Sale Securities and the Tag Along Securities respectively to the Offeror (the “**Tag Along Closing**”) within a period of 30 (thirty) days from the date of the Tag Along Notice.
- (6) If the Tag Along Right has been exercised and the Offeror refuses or fails to purchase all the Tag Along Securities as provided in this Article, simultaneously with the Sale Securities, the Proposed Transferor shall not be entitled to sell or otherwise transfer any of the Sale Securities to the Offeror unless the Investor specifically consents (in writing) to such sale, which consent is in addition to the consent required in Article 13(1). For avoidance of doubt, it is clarified that the Proposed Transferor shall also not be entitled to sell or otherwise transfer the Sale Securities thereafter to any Person without again complying with the provisions of this Article.
- (7) Subject to the provisions of this Article 14(8) below, if the number of Securities that the Offeror is willing to purchase is less than the sum of the Sale Securities and the Tag Along Securities, then the Proposed Transferor and the Investor may mutually agree on reducing the number of Sale Securities and Tag Along Securities equally such that the aggregate of the number of Sale Securities and Tag Along Securities is equal to the number of Securities that

the Offeror is willing to purchase. In the event that the Investor and Proposed Transferor do not arrive at any such agreement, the offer contained in the Sale Notice shall lapse and the Proposed Transferor shall not be entitled to sell or otherwise transfer any of the Sale Securities to any Person without again complying with the provisions of this Article.

- (8) Notwithstanding anything contained in this Article, if after the sale of the Sale Securities that the Offeror is willing to purchase, the collective shareholding of the Promoters and the Permitted Transferees of the Promoters would be reduced to less than 51% (fifty one per cent) of the Fully Diluted Share Capital, then the Investor shall have the right to tender up to all the Investor Securities, which Tag Along Securities shall be sold to the Offeror in priority to the Sale Securities. It is clarified that in the event that the Offeror is not willing to purchase all the Tag Along Securities then the Proposed Transferor shall not be entitled to sell or otherwise transfer any of the Sale Securities to the Offeror, unless mutually agreed between the Proposed Transferor and the Investor in writing.
- (9) The Investor and the Proposed Transferor shall jointly give necessary instructions to the Escrow Agent as may be required to give effect to the transfer of the Sale Securities in terms of this Article (Investor's Tag Along Right). Subject to Article 13(4)3, after the Escrowed Shares that are required to be released to give effect to the provisions of this Article, have been released to give effect to the sale of the Sale Securities, Investor and the Proposed Transferor shall jointly be entitled to give instructions to the Escrow Agent to keep in escrow the remaining Escrowed Shares in the manner provided in the Escrow Agreement and the Proposed Transferor shall deposit the remaining Escrowed Shares with the Escrow Agent in the manner provided in Article 13(4) and the Escrow Agreement.
- (10) At a Tag Along Closing, the Proposed Transferor and the Investor shall issue instructions to their respective Depository to transfer the Sale Securities or the Tag Along Securities (as applicable) to a securities account designated by the Offeror or do such other actions as may be necessary to effect a sale of the Sale Securities and the Tag Along Securities. If any such Shares are in physical form, the transferring Party shall deliver to the Offeror: (a) share certificates, properly endorsed for sale, representing the Sale Securities or the Tag Along Securities (as applicable), and (b) duly stamped share transfer deeds in respect of the Sale Securities or the Tag Along Securities (as applicable) validly executed in the name of the Offeror.
- (11) The Investor shall be entitled to receive a proportionate amount of the cash component of any non-cash consideration (net of taxes) received by the Proposed Transferor for the Sale Securities.
- (12) The Investor shall not be required to give any representations, warranties or indemnities in respect of the sale of the Tag Along Securities, other than representations and warranties as to the Investor's title to the Tag Along Securities.
- (13) Subject to Law, all transfers in violation of this Article shall be deemed void.

#### **IPO and Investor Exit**

### **15. INITIAL PUBLIC OFFERING**

- (1) The Company and the Promoters shall exercise reasonable commercial efforts to ensure that the Company is listed by way of an IPO in accordance with this Article prior to the Cut-off Date (or Extended Cut-off Date, if applicable). No IPO may be conducted until all the Debentures have been converted into Equity Shares in accordance with the terms of issue of the Debentures set out in Schedule II hereto. The Board shall, in consultation with the financial advisor/issue manager appointed in accordance with this Article, and, if the Investor's consent to the IPO is required in terms of this Article, with the prior written consent of the Investor (which consent shall not be unreasonably withheld or delayed), decide on:
  - (a) The method of listing the Shares i.e. either:

- A. Through a public issue of fresh Shares, or
  - B. Through an offer of existing Shares by some or all the shareholders; or
  - C. Through a composite issue which shall be a combination of (A) and (B);
- (b) The price and other terms and conditions of the IPO;
  - (c) The timing of the IPO;
  - (d) The Recognized Stock Exchanges on which the Shares are to be listed; and
  - (e) Any other matters related to the IPO.
- (2) The Company shall determine the Recognized Stock Exchanges on which the Shares offered in the IPO shall be listed, and the timing and pricing of the IPO. The Company shall appoint the lead manager, the underwriter the book runner and any other financial advisors for the offering in consultation with the Investor.
- (3) The conduct of an IPO shall, at all times require the prior written consent of the Investor; provided that (a) an IPO may be conducted after the IPO Initiation Date, but prior to the Cut-off Date (or Extended Cut-off Date, if applicable) without the prior written consent of the Investor, but in consultation with the Investor, if the Fair Market Value of the Equity Shares determined prior to initiating the IPO is such that it would provide the Investor an IRR as set out in the Agreement on the Investment Amount if all the Investor Securities IRR as set out in the Agreement on the Investment amount if all the Investor Securities are sold at such price; and (b) if the lower end of the price band of the Equity Shares as estimated immediately prior to the filing of the Red Herring Prospectus with SEBI (or such similar date by when the price band of the issue is determinable) is such that the price per Share does not provide the Investor an IRR of at least such percentage as is set out in the Agreement on the Investment Amount if all the Investor Securities are sold at such price, then the prior written consent of the Investor shall be required for such listing.
- (4) The IPO may be either through a fresh issue of Shares or by way of an offer for sale of the Shares held by the shareholders of the Company, or a combination of both. If the IPO is through an offer for sale, or a combination of a fresh issue and an offer for sale of Shares, the Investor shall have the right to offer all Investor Securities for sale, subject to (a) applicable Law, (b) the Investor Securities being offered for sale not exceeding 15% (fifteen per cent) of the Share Capital immediately prior to the IPO unless otherwise consented to by the Promoters, and (c) the aggregate shareholding of the Promoters and the Other Shareholders not being reduced to below 60% (sixty per cent) of the Share Capital after the IPO. The Promoters shall offer for sale such further number of Shares as may be required under applicable Law to be offered to the public as a condition for obtaining listing on the Recognized Stock Exchanges; provided that the Promoters shall not be obligated to offer Shares for sale if such offer would result in the aggregate shareholding of the Promoters and the Other Shareholders being reduced to below 60% (sixty per cent) of the Share Capital after the IPO.
- (5) If the Share Capital is required to be increased as a condition for obtaining listing on the Recognized Stock Exchanges, the Company shall, subject to the rights of the Investor under Article 10 (Reserved Matters) seek to increase its Share Capital to fulfil such condition, including by way of issuing bonus Shares.
- (6) Subject to applicable Law, all costs and expenses relating to the IPO, whether as a fresh issue or as an offer for sale by the shareholders of the Company, including the Investor, including statutory filing and registration fees, and fees for advisers and managers to the IPO, shall be borne by the Company.
- (7) The Promoters agree that, in the event of an IPO, they shall offer such number of their Equity Shares or subscribe to such number of Equity Shares and offer them for a lock-in as may be required to meet the minimum lock-in requirements for a promoter under the SEBI

regulations. The Investor shall not be required to call itself and the Company shall not refer to the Investor as "Founder" or "Promoters" in the offer documents or to offer any of the Investor Securities for such lock-in unless otherwise required by applicable Law in which case the minimum number, so required shall be locked-in for the minimum period required after IPO.

## 16. FAILURE TO ACHIEVE AN IPO PRIOR TO THE CUT-OFF DATE (OR EXTENDED CUT-OFF DATE, IF APPLICABLE)

- (1) If the Shares of the Company have not been listed in terms of Article 15 on or before the Cut-off Date (or Extended Cut-off Date, if applicable), then the Investor shall have the right to be provided an exit in accordance with this Article.
- (2) Subject to applicable Laws, if the Shares of the Company have not been listed in terms of Article 15 on or before the Cut-off Date (or Extended Cut-off Date, if applicable), the Promoters shall provide the Investor with an exit in respect of all the Investor Securities through any of the mechanisms set out below (the Promoter having the option to choose the mechanism), all of which may be commenced simultaneously:
  - (a) By way of a Third Party Sale in accordance with Article 17, which shall be completed within a period of 3 (three) months, from the Cut-off Date (or Extended Cut-off Date, if applicable). In the event that Investor Securities, or any of them, have been transferred by the Investor and any regulatory approvals are required for effecting a Third Party Sale as envisaged hereunder, with respect to the Investor Securities held by the transferee of the Investor, the aforesaid period of 3 (three) months shall stand extended by the time period taken to obtain such regulatory approvals; and
  - (b) By way of a buy-back of Investor Securities by the Company in accordance with Article 18 or a purchase of the Investor Securities by the Promoters in accordance with Article 19, or a combination thereof, in each case, which shall be completed within 5 (five) months from the Cut-off Date (or Extended Cut-off Date, if applicable). In the event that the Investor Securities, or any of them, have been transferred by the Investor and any regulatory approvals are required for effecting a buy-back in accordance with Article 18 or a purchase of the Investor Securities by the Promoters in accordance with Article 19, as envisaged hereunder, with respect to the Investor Securities held by the transferee of the Investor, the aforesaid period of 5 (five) months shall stand extended by the time period taken to obtain such regulatory approvals; or
  - (c) Any combination of (a) and (b).
- (3) In the event that any Investor Securities remain unsold at the end of 5 (five) months from the Cut-off Date (or Extended Cut-off Date, if applicable) or 60 (sixty) days of the delivery of a Default Exit Notice in respect of an Event of Default that has not been cured within the period set out in Article 25, then, without prejudice to any other rights, the Investor shall be entitled to enforce an exit with respect to such remaining Investor Securities in terms of Article 20.
- (4) All costs incurred to give effect to any of the provisions of Article 15 to 22 shall be borne by the Company and/or the Promoters.
- (5) Failure by the Company and/or the Promoters to provide the Investor with an exit (i) in terms of this Article within 5 (five) months of the Cut-off Date (or Extended Cut-off Date, if applicable) or (ii) in terms of Article 25 is a material breach of the Agreement and these Articles.

## 17. THIRD PARTY SALE

- (1) If the Promoters are to facilitate a Third Party Sale pursuant to Article 16(2)(a) or Article 25, a Big Four accounting firm shall be appointed to arrive at the Fair Market Value of the Equity Shares, which Fair Market Value is to be arrived at within a period of 45 (forty five) days from (i) the Cut-off Date (or Extended Cut-off Date, if applicable) in case of a failure to complete

IPO by the Cut-off Date (or Extended Cut-off Date, if applicable), or (ii) the date of the Default Exit Notice in case of an Event of Default that has not been cured within the period set out in, Article 25. The Promoters shall exercise reasonable commercial efforts to identify a potential Third Party for a Third Party Sale at the Benchmark Price within the time period set out in Article 16(2)(a).

- (2) If the Promoters identify a potential Third Party for a Third Party Sale at a price greater than or equal to the Benchmark Price, they shall deliver a notice to the Investor (the “**Third Party Sale Notice**”) setting out:
  - (a) The identity of the proposed acquirer or transferee (the “**Third Party Sale Transferee**”); and
  - (b) The price and other material terms on which the Investor Securities are proposed to be sold.
- (3) If the Investor consents to and is willing to participate in a Third Party Sale, it shall indicate its consent and willingness by delivering a written notice to the Promoters within 10 (ten) days of the date of delivery of the Third Party Sale Notice.
- (4) The sale and purchase of the Investor Securities in the Third Party Sale (the “**Third Party Sale Closing**”) shall occur within a period of 30 (thirty) Business Days, from the date on which the Investor delivers the notice under this Article, on the price and terms set out in the Third Party Sale Notice. Payment of the purchase consideration shall be made by wire transfer or such other method as may be acceptable to the Third Party Sale Transferee. At the Third Party Sale Closing, and subject to receipt of the purchase consideration, the Investor shall issue instructions to its depository participant to transfer the Investor Securities to a securities account designated by the Third Party Sale Transferee.
- (5) Subject to Article 13(6)5(A) and notwithstanding anything else stated in the Agreement or in these Articles, the Company and Promoters shall have no obligation to provide the Investor with an exit under these Article 17, to 20 to the extent of any exit arranged by the Promoters by way of a Third Party Sale in compliance with the provisions of this Article if the Investor: (a) does not consent to the Third Party Sale as set out in this Article, or (b) having consented to the Third Party Sale as set out in this Article, does not sell the Investor Securities to the Third Party Sale Transferee as set out in this Article notifies the Promoter of its unwillingness to participate in the Third Party Sale. The obligations of the Promoters in relation to providing the Investor an exit after the Cut-off Date (or Extended Cut-off Date, if applicable) as set out in Article 16(2) shall continue to survive even if the provisions of Article 16 to Article 20 have lapsed, in respect of an Event of Default.

## 18. **BUY-BACK OF INVESTOR SECURITIES BY THE COMPANY**

- (1) If the Promoters are to provide the Investor with an exit pursuant to Article 16(2)(b)(Failure to Achieve an IPO Prior to the Cut-off Date (or Extended Cut-off Date, if applicable)) or Article 25 (Event of Default), they may, without prejudice to the option to purchase the Investor Securities under Article 19, and in addition thereto, cause the Company to buy-back up to all of the Investor Securities. If the Promoters so elect and wish to Encumber any of the Escrowed Shares for this purpose, they shall send a written notice (the “**Buy-back Notice**”) to the Investor specifying the number of Investor Securities to be bought back by the Company and the number of Escrowed Shares that are required to be Encumbered in terms of Article 13(1)1. In the event that the Buy-back Notice specifies the number of Escrowed Shares required to be Encumbered in terms of Article 13(1)1, then the Investor shall, within a period of 10 (ten) days from the date of such notice, notify the Promoters in writing of its willingness to tender shares in the buy back (the “**Investor Buy-back Notice**”), which notice shall confirm the number of Escrowed Shares to be released from escrow to give effect to the Encumbrance mentioned in the Buy-back Notice. In the event of a buy-back in accordance with this Clause:

- (a) The Company shall offer to buy-back up to all the Investor Securities at the Benchmark Price and in accordance with provisions of the Act (or such other relevant provision) and the Buy-Back Regulations;
  - (b) The Investor shall have the right to tender such number of Investor Securities that the Company has offered to buy-back (which shall be all, or if not permitted, then not be less than the maximum percentage of Shares the Company is permitted to buy-back under applicable Law) within 10 (ten) Business Days of the buy-back offer, and shall vote in favour of all resolutions of the Board and the shareholders of the Company to authorize such buy-back, provided that the buy-back contemplated is at the Benchmark Price;
  - (c) To the extent required to permit the Company to buy-back all the Investor Securities, the Promoters and Other Shareholders shall renounce their right to participate in the buy-back in favour of the Investor; and
  - (d) The buy-back of the Investor Securities shall be completed at the Benchmark Price and in accordance with relevant provisions of the Act (or such other relevant provision) of the Act and the Buy-Back Regulations within (i) the time period mentioned in Article 16(2)(b) in case of a failure to IPO by the Cut-off Date (or Extended Cut-off Date, if applicable), or (ii) 60 (sixty) days from the date of the Default Exit Notice in case of an Event of Default which has not been cured within the period set out in Article 25.
- (2) Subject to Article 13(6)5(A) and notwithstanding anything else stated in the Agreement or in these Articles, the Company and Promoters shall have no obligation to provide the Investor with an exit under Article 17 to Article 20, to the extent of any exit arranged by the Company by way of an offer to buy-back up to all of the Investor Securities in compliance with the terms of this Article , if the Investor does not: (a) provide the Promoters with the Investor Buy-back Notice within the time period specified in Article 18(1) (where such Investor Buy-back Notice is required to be given) or rejects the Buy-back Notice in writing; (b) sell such number of the Investor Securities to the Company or tender such number the Investor Securities for buy-back, as it is legally permitted to sell/tender, in accordance with this Article, and the relevant Section of the Act and the Buy-Back Regulations, or (c) vote in favour of resolutions of the Board and the shareholders of the Company to authorize the buy-back under this Article. The obligations of the Promoters in relation to providing the Investor an exit after the Cut-off Date (or Extended Cut-off Date, if applicable) as set out in Article 16(2) shall continue to survive even if the provisions of Article 17 to Article 20 have lapsed, in respect of an Event of Default.

## 19. PURCHASE OF INVESTOR SECURITIES BY THE PROMOTERS

- (1) If the Promoters are to provide the Investor with an exit pursuant to Article 16 (2)(b) or Article 25 (Event of Default), they may, without prejudice to the option to cause the Company to buy-back the Investor Securities under Article 18, and in addition thereto, purchase up to all of the Investor Securities either themselves or through any of their respective Affiliates or nominees (the “**Purchasing Entity**”) at the Benchmark Price. In such event, the Promoters shall notify the Investor in writing (the “**Purchase Notice**”) specifying the number of Investor Securities to be purchased by the Purchasing Entity and, if they wish to Encumber any of the Escrowed Shares for this purpose, the number of Escrowed Shares that are required to be Encumbered in terms of Article 13(1). In the event that the Purchase Notice specifies the number of Escrowed Shares required to be Encumbered in terms of Article 13(1), then the Investor shall, within a period of 10 (ten) days from the date of such notice, notify the Promoters in writing of its willingness to sell Investor Securities as specified in the Purchase Notice (the “**Investor Sale Notice**”), which notice shall confirm the number of Escrowed Shares to be released from escrow to give effect to the Encumbrance mentioned in the Purchase Notice.
- (2) The Investor shall sell, and the Purchasing Entity shall purchase, such number of the Investor Securities as the Investor is willing to sell, not being more than the number of Investor Securities mentioned in the Purchase Notice within the time period mentioned in Article 16(2)(b) in case of a failure to IPO by the Cut-off Date (or Extended Cut-off Date, if

applicable) and within a period of 60 (Sixty) days from the date of arriving at the date of the Default Exit Notice in case of an Event of Default which has not been cured within the period set out in Article 25. At such sale and purchase, simultaneously with receipt of the purchase consideration, the Investor shall issue instructions to its depository participant to transfer the Investor Securities to a securities account designated by the Purchasing Entity.

- (3) Subject to Article 13(6)5(A) and notwithstanding anything else stated in the Agreement or in these Articles the Company and Promoters shall have no obligation to provide the Investor with an exit under Article 17 to Article 20 to the extent of any exit arranged by the Promoters by way of purchase of up to all of the Investor Securities in compliance with the terms of this Article , if the Investor does not (a) provide the Promoters with the Investor Sale Notice within the time period set out in Article 19(1) (where such Investor Sale Notice is required to be given) or rejects the Purchase Notice in writing; or (b) sell the Investor Securities to the Purchasing Entity in accordance with this Article. The obligations of the Promoters in relation to providing the Investor an exit after the Cut-off Date (or Extended Cut-off Date, if applicable) as set out in Article 16(2) shall continue to survive even if the provisions of Article 17 to Article 20 have lapsed, in respect of an Event of Default.

## 20. DRAG-ALONG RIGHT

- (1) Without prejudice to the other legal rights and remedies of the Investor, if the Promoters fail to provide the Investor with an exit with respect to all the Investor Securities as set out in Article 16(2), subject to Article 17(5),and Article 18(2) and Article 19(3), the Investor may sell all (and not less than all) the Investor Securities to any *bona fide* purchaser or group of purchasers (a “**Potential Buyer**”) and shall also have the right to require the Promoters, NRB and the Sellers to sell up to such number of Shares held by them to the Potential Buyer along with the Investor Securities as would, together with the Investor Securities, constitute up to 51% (fifty one per cent) of the Fully Diluted Share Capital, on the same terms and conditions as the sale of the Investor Securities to the Potential Buyer (the “**Drag Along Right**”).
- (2) The Investor shall notify the Promoters of its decision to exercise the Drag Along Right by written notice (the “**Drag Along Notice**”). The Drag Along Notice shall mention the identity of the Potential Buyer, the per Share price payable for the sale of the Investor Securities and the Shares held by the Promoters, NRB and the Sellers, the number of Shares held by the Promoters, NRB and the Sellers that are required to be sold to the Potential Buyer and other terms and conditions on which the Potential Buyer is willing to purchase the Investor Securities and the Shares held by the Promoters, NRB and the Sellers. The Promoters, NRB and the Sellers shall sell their Shares under this Article simultaneously with the sale of the Investor Securities.

## 21. NO WARRANTIES

The Investor shall not be required by the Promoters to give to any Person, any representations and/or warranties in respect of the Company or the Business in case of any transfer in terms of Article 17 to Article 20. The Promoters shall however, be required to give such standard representations and warranties as would be expected of a promoter and person in control and management of a company in case of a Third Party Sale or a sale of Shares to a Potential Buyer by the Promoters.

## 22. FURTHER ASSURANCES

The Parties shall do all such further things and execute and deliver all such additional documents as are necessary to give full effect to the terms of the Article and exercise their voting rights in the Company in accordance with the Article.

The Company and the Promoters shall in good faith consider commercially reasonable restructuring of the Business or the Company and/ or the corporate structure of the Company to facilitate an exit by the Investor.

## 23. LIQUIDATION PREFERENCE

If there is a Liquidation Event, the Investor shall be entitled to receive, from the proceeds of such Liquidation Event and in preference to all other shareholders of the Company, an amount equal to the IRR Price for each Investor Security (the “**Liquidation Preference**”), in the following manner:

- (1) If the Liquidation Event is pursuant (i) or (iv) of the definition of Liquidation Event, the Liquidation Preference shall be paid to the Investor in accordance with applicable Law after the liabilities of the Company in respect of Persons ranking above the Investor as creditors of the Company are discharged in accordance with applicable Law, and any proceeds of the Liquidation Event which remain after the payment of the Liquidation Preference to the Investor as aforesaid shall be distributed to all the shareholders (including the Investor) of the Company in proportion to their respective shareholdings in the Fully Diluted Share Capital;
- (2) If the Liquidation Event is a merger or other form of corporate reorganization, the Investor shall receive shares in the surviving entity such that the Investor notionally receives the Liquidation Preference based on the valuation for such merger or corporate reorganization;
- (3) If the Liquidation Event is a Change in Control pursuant to a sale of Shares by the Promoters and the Investor has exercised the Tag Along Right in respect of all the Investor Securities, the consideration payable for the Investor Securities by the Offeror shall be as set out in Article 14(2);
- (4) If the Liquidation Event is a sale of all or substantially all of the Company’s assets to any Person, the Investor shall be paid the Liquidation Preference by the Company from the proceeds of such sale by way of a buy-back of the Investor Securities or such other legally permissible means as may be mutually agreed to between the Promoters and the Investor. Any proceeds which remain after the payment of the Liquidation Preference to the Investor as aforesaid shall be distributed to all the shareholders (including the Investor) of the Company in proportion to their respective shareholdings in the Fully Diluted Share Capital. In case of buy-back, the additional amounts due to the Investor from the remaining proceeds shall be included in the price at which the Investor Securities are bought back by the Company; and
- (5) If the Investor does not receive the full amount of the Liquidation Preference in the manner contemplated hereinabove, the Promoters and the Investor shall, to the extent possible, redistribute the proceeds among themselves so as to ensure that the intent of the provisions in this Article are achieved to the maximum extent possible. If such redistribution is not possible for any reason, the shortfall shall be made good by the Promoters out of their share of the proceeds of the Liquidation Event and the Promoters shall pay such shortfall to the Investor in the best possible manner.

## **24. AUDIT, INFORMATION AND INSPECTION RIGHTS**

- (1) The Company shall furnish the following information to the Investor:
  - (a) Within 20 (twenty) days from the end of each month:
  - (b) Unaudited statements of income for the period from the beginning of the relevant Financial Year to the end of such month;
  - (c) Key items such as inventory, outstanding debts, debtors and creditors as at the end of such month;
  - (d) A monthly cash plan of the Company for the following month; and
  - (e) A monthly management review detailing sales and inventory of products;
- (2) Within 30 (thirty) days after the end of each financial quarter, unaudited statements of income and cash flows of the Company for such quarter and for the period from the beginning of the relevant Financial Year to the end of such financial quarter, and the unaudited balance sheet of the Company as at the end of such financial quarter;

- (3) Within 120 (one hundred and twenty) days after the end of each Financial Year, audited statements of income and cash flows of the Company for such Financial Year, the audited balance sheet of the Company as at the end of such Financial Year and the shareholding pattern of the Company as at the end of such Financial Year, accompanied by the report of the statutory auditor;
- (4) Within 21 (twenty one) days of each General Meeting and meetings of the Board and committees thereof, minutes of such meetings;
- (5) Within 7 (seven) days of becoming aware of (a) any claims or notices from any Third Party or any Governmental Authorities which have a material adverse effect on the Company, (b) the institution of any legal proceedings against the Company having a claim value of Rs. 1,000,000 (Rupees One Million Only) or more where a value can be attributable, (c) any changes to the Financial Statements/Balance Sheet for the Financial Year ending March 31, 2013, or (d) the receipt of any written notice terminating the Company's right, title or interest in any immovable property owned or leased by it or otherwise used by it in its Business; and
- (6) Within 7 (seven) days of the occurrence of any event that has, or to the knowledge of the Promoters will have a material adverse effect on the Company or the Business, intimation of such event in writing.
- (7) The Company shall endeavour to provide the Investor with such other information as the Investor may from time to time reasonably request.
- (8) The Investor shall be entitled to reasonable inspection and visitation rights in respect of the Company. The Company shall, upon being giving a written notice of at least 7 (seven) days, permit the Investor or its authorized representatives (such as lawyers, accountants, auditors or other professional advisors) to visit and inspect the properties of the Company, including its corporate and financial records, and to discuss its business and finances with officers of the Company.
- (9) The Parties hereby agree and understand that the Investor shall have identical rights in respect of all existing and future subsidiaries of the Company as it does in respect of the Company in terms of this Article.
- (10) The provisions of this Article shall continue to remain in force till such time as the Investor and/or its transferee, as the case may be, holds any Investor Securities.

## **25. EVENT OF DEFAULT**

If an Event of Default has occurred, without prejudice to the other rights and remedies of the Investor under Law, the Investor may deliver a written notice to the Promoters requiring the Promoters to provide the Investor with an exit by way of a Third Party Sale, a buy-back of the Investor Securities by the Company and/ or to themselves purchase the Investor Securities (the “**Default Exit Notice**”). Upon receipt of a valid Default Exit Notice, the Promoters shall provide the Investor with an exit by way of a Third Party Sale in accordance with Article 17, a buy-back of Investor Securities by the Company in accordance with Article 18, a purchase of the Investor Securities by the Promoters in accordance with Article 19, or a combination thereof. Provided that in the event that the Company and/or Promoters cure the breach within a period of 30 days of receipt of Default Exit Notice, the Promoters shall not be required to provide exit under such notice.

## **26. COVENANTS OF THE COMPANY, THE PROMOTERS AND THE OTHER SHAREHOLDERS**

### **(1) Covenant with respect to future issuances of Shares to the Investor**

The Company shall comply with all the relevant section of the Act and the provisions of the rules & regulations as applicable to enable it to issue any additional Shares to the Investor in terms of the Agreement and these Articles.

Neither the Company, nor the Promoters, nor any of the Other Shareholders shall contest the fact that the Investor Securities (or any of them) were validly issued.

(2) **Covenant restricting Company's Business**

The Company shall not, nor shall any subsidiary of the Company, engage in the business of investing, trading, and reinvesting in securities, and any surplus cash shall be invested by the Company or any subsidiary of the Company only in accordance with the Business Plan.

(3) **Covenants with respect to Lenders**

The Company shall comply with all covenants under Clause 22.3 of the Agreement.

(4) **Covenant with respect to the employment of SRB**

The Company shall comply with all covenants under Clause 22.4 of the Agreement.

## **27. INTELLECTUAL PROPERTY RIGHTS**

All the Intellectual Property Rights arising out of the performance by the Company or any of its subsidiaries of its Business and any contributions of the Promoters in the course of their association with the Company or any of its subsidiaries shall, subject to Law, be owned by the Company or the relevant subsidiary, and the Parties will assist the Company or the relevant subsidiary, as the case may be, in securing such Intellectual Property Rights by filing for appropriate protections, if required under applicable Laws and, if required, assigning such Intellectual Property Rights favour of the Company or the relevant subsidiary. No Party will act in any manner derogatory to the proprietary rights of the Company or any of its subsidiaries over such Intellectual Property Rights. The Parties agree, confirm and undertake that all Intellectual Property Rights prior to or after execution of the Agreement, or Intellectual Property Rights arising from development of solutions, projects executed, databases, copyrights, trademarks, brand name, and other Intellectual Property Rights, wherever registered, are registered exclusively in the name of the Company.

## **28. CONFIDENTIALITY AND NON-DISCLOSURE**

The Parties to the Agreement shall keep all information and other materials passing between any of them and the other Parties in relation to the transactions contemplated by the Definitive Agreements and also in relation to the other Parties as well as the existence and the terms and conditions of the Definitive Agreements (the "**Information**") confidential and shall not, without the prior written consent of the Investor, divulge any Information to any other Person or use the Information other than for carrying out the purposes of the Agreement except:

- (1) To the extent that such Information is in the public domain other than by breach of the Agreement or these Articles;
- (2) To the extent that such Information is required or requested to be disclosed by any applicable Law or any applicable regulatory requirements or by any regulatory body to whose jurisdiction the relevant Party is subject or with whose instructions it is customary to comply, under notice to the other Parties;
- (3) In so far as it is required to be disclosed to the employees, directors or professional advisors of any Party on a need-to-know basis, provided that such Party shall inform such persons of the confidential nature of such Information;
- (4) To the extent that any of such Information is later acquired by a Party from a source not obligated to any other Party to keep such Information confidential;
- (5) To the extent that any of such Information was previously known or already in the lawful possession of a Party, prior to disclosure by any other Party; and

- (6) To the extent that any information, materially similar to the Information, shall have been independently developed by a Party without reference to any Information furnished by any other Party.
- (7) If any Party is obliged to make or issue any announcement or press release required by Law or by any stock exchange or Governmental Authority, it shall give the other Parties every reasonable opportunity to comment on any announcement or release before it is made or issued.
- (8) Nothing in this Article shall apply to disclosures required to be made by the Investor to its investors or in the course of promotional activities to potential investors from whom it is proposing to raise funds; provided that the use of any historical financial information about the Company that has been shared with the Investor in any marketing or promotional material shall require the consent of the Company or SRB.

## 29. NOTICES

- (1) Service of Notice

Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to these Articles shall be in writing and signed by or on behalf of the Party giving it. Such notice shall be served by delivering by hand, registered post or courier to the address set forth in Clause 25 of the Agreement. In each case it shall be marked for the attention of the relevant Party set forth below. Any notice so served shall be deemed to have been duly given (i) in case of delivery by hand, when hand delivered to the other Party; or (ii) when sent by registered post, where 7 (seven) Business Days have elapsed after dispatch; or (iii) when delivered by courier on the 2<sup>nd</sup> (second) Business Day after deposit with an overnight delivery service, postage prepaid, with next Business Day delivery guaranteed, provided that the Party issuing the notice receives a confirmation of delivery from the delivery service provider.

[only to remove references to notices] The Company, the Promoters and the Sellers hereby confirm that SRB (or such other individual as may be agreed to in writing by the Investor) is authorised to accept all notices on each of their behalf.

- (2) Change of Address

A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Article, by giving the other Parties written notice of the new address in the manner set forth above.

## 30. LAPSE OF RIGHTS AND OBLIGATIONS

- (1) The rights and obligations of the Parties under this **Part B** shall lapse at the earlier of:
  - a. The Investor Securities (together with any Shares held by any Affiliates of the Investor and the transferees of the Investor Securities) being reduced to less than 5% (five per cent) of the Fully Diluted Share Capital; provided that the Investor shall continue to be entitled to receive information under Article 24 (Audit, Information and Inspection Rights) until the earlier of (a) the date on which the Shares are listed in terms of Article 15(1) (Initial Public Offering), and (b) the date on which the Investor ceases to hold any Shares; and
  - b. A listing of Shares in terms of Article 15(1) (Initial Public Offering) on any Recognized Stock Exchange; provided that the Investor shall, subject to applicable Law, be entitled to nominate 1 (one) Director for the duration that the Investor is required by Law to not sell any Investor Securities in the Company after such listing.

- (2) The rights of the Investor or any transferee in the circumstances mentioned in, (a) Article 13(6)9 (except for those rights and obligations that survive as mentioned in Article 13(6)9); and (b) 13(6)13 (except for those rights and obligations that survive as mentioned in Article 13(6) 13). Provided that the provisions of the Agreement and these Articles shall continue to be valid and effective to any Right-Holder or Subsequent Right Holder as expressly contemplated in the Agreement and these Articles.
- (3) A lapse of the rights and obligations hereunder shall, however, be without prejudice to any rights or obligations of any Parties which have accrued prior to such lapse.
- (4) Upon a lapse of rights and obligations hereunder, the Investor shall: (i) cause the Investor Directors to resign as Directors; provided that if such termination is pursuant to Article 30(1)b, the Investor shall retain the right to nominate 1 (one) Director for the duration that the Investor is required by Law to not sell any Investor Securities in the Company after the listing of Shares in terms of Article 15(1) (Initial Public Offering), and shall cause such Director to resign upon the expiry of such period.

### 31. DISPUTE RESOLUTION

- (1) If any dispute or difference arises between any of the Parties hereto during the subsistence of the Agreement or thereafter, in connection with the validity, interpretation, implementation or alleged material breach of any provision of the Agreement or these Articles or regarding any question, including the question as to whether the termination of the Agreement or a lapse of rights and obligations under these Articles (a “**Dispute**”) by any Party hereto has been legitimate, the Parties hereto shall endeavour to settle such Dispute amicably. The attempt to bring about an amicable settlement is considered to have failed as soon as one of the Parties hereto, after reasonable attempts which attempts shall continue for not less than 30 (thirty) days, gives notice thereof to the other Party in writing at the end of such 30 (thirty) day period.
- (2) Any Dispute which is not resolved under this Article shall be resolved by binding arbitration. The Parties shall agree on a sole arbitrator and if they fail to do so within 7 (seven) days of the dispute or the difference then each Party shall be entitled to appoint one arbitrator and the arbitrators so appointed shall appoint the third arbitrator who shall be the presiding arbitrator. For the purposes of appointment of arbitrators, the Company, the Promoters, the Other Shareholder and the Sellers shall constitute one Party. The venue for such arbitration shall be Mumbai, India and all proceedings shall be conducted in the English language. The arbitration shall be conducted in accordance with the provisions of the Arbitration and Conciliation Act, 1996. A Party seeking to commence arbitration under this Article shall first serve a written notice (an “**Arbitration Notice**”), specifying the matter or matters to be so submitted to arbitration, on the other Parties hereto. All claims and counterclaims shall, to the extent such claims or counterclaims are known at the time any arbitration is commenced, be consolidated and determined in the same arbitration proceeding. Deposits to cover the costs of arbitration shall be shared equally by the Parties thereto. The award rendered by the arbitrator or arbitrators shall, in addition to dealing with the merits of the case, fix the costs of the arbitration and decide which of the Parties shall bear such costs or in what proportions such costs shall be borne by the Parties hereto. The award rendered by the arbitrator or arbitrators shall be final and conclusive on all Parties, whether or not such Parties have taken part in the arbitration, and shall be subject to forced execution in any court of competent jurisdiction.
- (3) The Parties agree that no Party shall have any right to commence or maintain any suit or legal proceedings (other than for interim or conservatory measures) until the Dispute has been determined in accordance with the arbitration procedure provided herein and then only for enforcement of the award rendered in the arbitration. Judgment upon the arbitration award may be rendered in any court of competent jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.
- (4) No Party or Person involved in any way in the creation, coordination or operation of the arbitration of any Dispute may disclose the existence, content or results of the Dispute or any arbitration conducted under these Articles in relation to that Dispute, in each case subject to those disclosures permitted by Article 28 (Confidentiality and Non-Disclosure) and save as

required in order to enforce the arbitration agreement and/or any award made pursuant to these Articles.

## 32. GOVERNING LAW AND JURISDICTION

The Agreement and these Articles shall be governed in all respects by the Laws of India (without reference to its conflict of Laws provisions) and subject to Article 31, the courts at Kolkata, India shall have exclusive jurisdiction.

## SCHEDULE I

### RESERVED MATTERS

1. Amendments or any proposal to amend the Charter Documents of the Company, including any change to the strength of the Board.
2. The procurement/creation of any debt or credit/financing facility, the terms of which contemplate a right of conversion into securities of the Company or the right to subscribe to securities of the Company.
3. Change to the rights and preferences of any securities issued by the Company.
4. Acquisition or disposal of shares or of any assets of any other businesses by the Company.
5. Creation of joint ventures or partnerships by the Company.
6. Merger, demerger or consolidation of the Company.
7. Related Party Transactions, other than the Related Party Transactions existing and disclosed in the audited accounts for FY 13 and as listed in Annexure 8 to the Disclosure Letter.
8. Any amendment to and, subject to the provisions of Article 5, any approval of the Business Plan adopted (or deemed to be adopted) pursuant to Article 5.
9. Any material alteration in the policies in respect of appointment of dealers/distributors/agents for the Company's products as compared to existing policies and/or any addition to already existing and prevailing policies of the Company in this regard.
10. Appointment, removal or dismissal by the Company of its Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, if any (by whatever designations called), other than for cause in terms of their respective contracts with the Company.
11. Approval of the compensation and remuneration of all directors, including any distribution of profits, other than as provided for in their respective employment agreements with the Company.
12. Loans or advances of a value in excess of Rs. 50,000,000 (Rupees Fifty Million only) of the limit provided in the Business Plan.
13. Recommendation of declaration of any dividend, other than the dividend declared by the Company at its meeting on 20 September 2013.
14. Approval of the audited Financial Statements.
15. Change in name of the Company.
16. Resolution to appoint, reappoint or remove the statutory or change in internal auditors of the Company, other than the removal of the statutory auditor of the Company on 20 September 2013 and their subsequent appointment as the internal auditor of the Company.

17. Appointment of any advisors in connection with a potential sale or listing of the Shares of the Company.
18. Creation of any lien or charges over or proposing the acquisition, sale, lease, transfer, license or in any other way proposing to dispose off any assets or undertaking of the Company in excess of Rs. 50,000,000 (Rupees Fifty Million only) million or more in a single transaction or on a cumulative basis in any Financial Year, or substantially all the assets or undertakings of the Company.
19. Execution, amendment or termination of any agreement or commitment that imposes or is reasonably likely to impose (i) obligations on the Company to pay an amount of Rs. 10,000,000 (Rupees Ten Million only) or more in a single transaction or on a cumulative basis in any Financial Year, (ii) any liability on the Company and/ or any of its Affiliates in excess of Rs. 10,000,000 (Rupees Ten Million only), or (iii) any obligation or liability which is not capable of being quantified in monetary terms.
20. Executing, modifying or terminating any joint ventures or exclusive long-term strategic alliances.
21. Settlement of litigation where the amount involved is above Rs. 10,000,000 (Rupees Ten Million) in any Financial Year.
22. Winding up and liquidation of the Company.
23. Shifting the registered office of the Company.
24. Delegation of authority or any of the powers relating to any Reserved Matter to any committee.
25. Subject to Article 6(12), reconstitution of the Board, including any changes in the permitted number of Directors, rotation of Directors other than as required under the Law or the Charter Documents of the Company, other than the Promoter Directors.
26. Increase in the issued, subscribed or paid up Share Capital, buyback or reorganization of the Share Capital otherwise than as contemplated in the Articles, including new issue of Shares or other securities of the Company, or any preferential allotment of Shares or redemption of any Shares, issuance of warrants, issuance of bonus Shares, issuance of sweat equity, grant of any options over Shares by the Company.
27. Reduction in Share Capital.
28. Variation of rights of classes of securities.
29. Commencement of any new line of business which is unrelated to the Business.
30. Formation of, investment in or operation by the Company of any subsidiary, or collective investment vehicle.
31. Creation of investments other than short-term liquid investments in banks.
32. Any activity relating to derivatives transaction other than regular business requirements for which a definite policy must be formulated. Provided, however, that under no circumstances shall the Company engage in any activity relating to derivatives for speculative purposes.
33. Divestment of any shares held by the Company in any subsidiary of the Company.
34. Divestment of or sale of assets of businesses, lease, license, exchange, pledge or in any other way proposing to dispose of substantially all assets or undertakings of the Company or any assets or undertaking of the Company in excess of Rs. 5,000,000 (Rupees Five Million only) for individual transactions, or Rs. 20,000,000 (Rupees Twenty Million only) on a cumulative basis annually, in each case other than as required for the enforcement of security provided to lenders of the Company.

35. Any agreement, arrangement, transaction for assignment to alienate any intellectual property rights including those relating to copyrights, trademarks, patents and designs, other than (a) any application for the registration of intellectual property rights, (b) pursuant to any agreement executed by the Company with its dealers or franchisees in the ordinary course of Business, and (c) arrangements with suppliers for affixing the Company's marks on footwear.
36. Approval of any new scheme or plan for grant of employee stock options, or sweat equity Shares to any Person, including any modification to any new or existing scheme or plan.
37. Material terms of any financial assistance or creation or renewal of any security for guaranteeing the debts or obligations of the Company or any subsidiary of the Company or any Person, other than in respect of (a) a security that has already been created in favour of an existing debt or obligation of the Company or any subsidiary of the Company or any Person, and (b) furnishing security in favour of another bank that is taking over an existing loan on similar or more favorable terms.
38. Approval of the salary and benefits of any employee with a total annual cost to the Company or any of its subsidiaries in excess of Rs. 10,000,000 (Rupees Ten Million only), other than the salaries and benefits of the Chairman and the Managing Director.
39. Any commission or performance incentive payable to any Key Employees which is linked to the profits of the Company.
40. Changes to material accounting policies or practices, or any change in the Financial Year for preparation of audited accounts, except where such changes are required under applicable Law.
41. Except to the extent specifically agreed in the Business Plan:
  - (i) Capital expenditure, including acquisition of assets, construction or lease, in excess of the levels contemplated in the Business Plan by more than Rs. 5,000,000 (Rupees Five Million only) per transaction, or Rs. 50,000,000 (Rupees Fifty Million only) per annum.
  - (ii) Creation of any indebtedness of more than 5% (five per cent) of the amount contemplated in the Business Plan.
42. Payment of interest out of capital.
43. Appointment of directors/relatives to a place of profit.
44. Making liabilities of directors or manager unlimited.
45. Inter corporate loans/investments under section 372A of the Act.
46. Authorising liquidator to accept shares.
47. Exercise of powers by the liquidator in voluntary winding up in accordance with Section 512 of the Companies Act 1956 or any corresponding provision of the Companies Act, 2013 when in force.
48. Any consent by the Company at meetings of the shareholders of subsidiaries of the Company in respect of a resolution which is a Reserved Matter.

## SCHEDEULE II

### TERMS OF ISSUE OF THE DEBENTURES

All capitalized terms used herein but not defined shall have the meaning given to them under the SSPA.

#### 1. Status

The Debentures constitute unsecured indebtedness of the Company and shall rank senior to all classes of securities of the Company currently existing or established hereafter (other than any loans raised from or securities issued to scheduled commercial banks or other institutional lenders of the Company), with respect to (a) payment of interest, and (b) subject to applicable Law, repayment of capital upon liquidation of the Company.

#### 2. Interest

The Debentures shall not carry any fixed interest. Interest will be payable in the circumstances mentioned in paragraph 7 (Other Distributions).

#### 3. Face Value

Each Debenture shall have a face value of Rs. 10 (Rupees Ten only).

#### 4. Voting

The Debentures shall not carry any voting rights in the Company until conversion into Equity Shares.

#### 5. Compulsory Conversion

5.1 The statutory auditor appointed in terms of Clause 6 of the SSPA (Conditions Subsequent) shall audit the Financial Statements of the Company for FY 14 and calculate the EBITDA, the Net Debt and the Effective Valuation. Such firm shall be required to submit its report (the "**FY 14 Audit Report**") to the Company by 31 July 2014.

5.2 The Debentures shall convert into such number of Equity Shares (without the holders of the Debentures being required to pay any amount for such conversion) within 7 (seven) days from the date of delivery of the FY 14 Audit Report, such that the Investor Securities (which, for the avoidance of doubt, shall include the Sale Shares) constitute such percentage of the Fully Diluted Share Capital after the conversion as is determined in accordance with the formula set out below. The number of Equity Shares to be issued upon conversion of the Debentures shall be rounded off to the higher whole number.

$$X = \frac{A}{B} \times 100$$

Where:

X = The percentage of the Fully Diluted Share Capital that the Investor Securities represent after the conversion of the Debentures;

A = The Investment Amount; and

B = such valuation as is agreed in terms of the SSPA.

5.3 The aforesaid formula shall be proportionately and appropriately adjusted (as required) for any stock split, consolidation, bonus issuance or other similar action in respect of the Share Capital.

5.4 Notwithstanding the above, such of the Debentures as will result in the requisite number of Equity Shares, shall convert (without the holders of the Debentures being required to pay any amount for such

conversion) at the prevalent Investment Price (as defined in the Shareholders' Agreement) immediately prior to a sale of Investor Securities under Clause 16.2(iii) or Clause 21 of the Shareholders' Agreement.

**6. Procedure for Conversion**

- 6.1 At the time of conversion of the Debentures, the Company shall bear the expenses arising on the issuance of Equity Shares upon conversion thereof (being all stamping expenses, issue and registration fees imposed pursuant to applicable Law, charges of any registrar or agent and transfer costs, and costs and charges relating to increase in authorized capital of the Company, if any).
- 6.2 Prior to the conversion of the Debentures, the authorized Share Capital of the Company shall be increased to such amount as may be required in order to fully accommodate the issue of Equity Shares to the Investor upon such conversion. With effect from (and including) the conversion date, the Company shall deem the holder of the Debentures to have become the holder of such number of Equity Shares and shall record such number of Equity Shares as having been issued upon conversion of the relevant Debentures. For the purpose of determining dividends, subject to applicable Law, the Equity Shares shall be deemed to have been issued on the last day of the immediately preceding financial year of the Company. The Company shall as soon as practicable, but in no event later than 15 (fifteen) Business Days after the date of conversion of the Debentures, issue Equity Shares in dematerialized form to the Investor and deposit these into the Designated Dematerialized Account, and such other documents, if any, as may be required by applicable Law to effect the transfer and delivery thereof.

**7. Other Distributions**

In the event the Company declares any dividend on any securities of the Company, then, in each such case for the purpose of this paragraph 7, the holder of the Debentures shall, subject to applicable Law, be entitled to a share of any such dividend distribution (which shall be payable as interest) based on its deemed shareholding in the Company on a Fully Diluted Basis.

**8. No Impairment**

The Company shall not, either by amendment of its Charter Documents or through any transfer of assets, consolidation, merger, dissolution, issue or sale of any securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company. The Company shall at all times in good faith assist in taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Investor against impairment.

**9. Transferability**

The Debentures shall be transferable in accordance with Clause 16 of the SHA and all such transferees shall be entitled to the rights contained in this Schedule.

## **SECTION IX: OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following documents and 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 Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Red Herring Prospectus which has been delivered to the ROC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this 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 and other applicable law.

#### **A. Material Contracts for the Issue**

1. Registrar Agreement dated June 15, 2017 entered into between our Company, the Selling Shareholders and the Registrar to the Offer.
2. Offer Agreement dated June 29, 2017 entered into between our Company, the Selling Shareholders and the BRLMs.
3. Cash Escrow Agreement dated October 13, 2017 entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Public Offer Bank, Escrow Collection Bank(s) and the Refund Bank(s).
4. Share Escrow Agreement dated September 20, 2017 entered into between the Selling Shareholders, our Company and the Share Escrow Agent.
5. Syndicate Agreement dated October 13, 2017 entered into between our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Offer.
6. Underwriting Agreement dated [●] entered into between our Company, the Registrar, the Selling Shareholders, and the Underwriters.

#### **B. Material Documents**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
2. Certificate of incorporation dated December 3, 1981.
3. (i) Fresh certificate of incorporation dated April 17, 1998 pursuant to change of name from S.N. Footwear Industries Private Limited to Khadim Chain Stores Private Limited. (ii) Fresh certificate of incorporation dated June 24, 2005 pursuant to the conversion of our Company into a public limited company. (iii) Fresh certificate of incorporation dated August 26, 2005 pursuant to change of name from Khadim Chain Stores Limited to Khadim India Limited.
4. Annual report of our Company for fiscals 2017, 2016, 2015, 2014 and 2013.
5. Agreement for appointment of chairman and managing director dated April 1, 2016 pursuant to a board resolution dated March 10, 2016.
6. Resolution of the Board of Directors dated June 1, 2017 in relation to the Offer and other related matters.
7. Resolution of the shareholders of our Company dated June 3, 2017 in relation to the Offer and other related matters.
8. Resolution dated May 31, 2017 passed by the board of directors of the Investor Selling Shareholder approving the Offer for Sale for the Equity Shares offered by it.

9. Consent from Siddhartha Roy Burman, the Promoter Selling Shareholder in relation to the Offer for Sale dated May 31, 2017.
10. The examination report dated August 24, 2017 of the Statutory Auditors, on our Company's Restated Financial Statements.
11. Consent letter from Deloitte Haskins & Sells dated October 23, 2017, the Statutory Auditor of our Company for inclusion of their name as experts.
12. The Statement of Tax Benefits dated June 30, 2017 from the Statutory Auditors.
13. Copies of annual reports of the preceding five years.
14. Consent of the Directors, Selling Shareholders, BRLMs, Syndicate Members, Domestic Legal Counsel to our Company, Domestic Legal Counsel to the BRLMs, Registrar to the Offer, Escrow Collection Bank(s), Refund Bank, Public Offer Account Bank, Technopak, Bankers to our Company, Chief Financial Officer, Company Secretary and Compliance Officer, as referred to in their specific capacities.
15. Securities Subscription and Purchase Agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Khadim Development Company Private Limited, Moviewallah Communication Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Limited.
16. Shareholders' agreement dated September 20, 2013 between the Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I, acting through its trustee Fairwinds Trustees Services Private Limited. as amended through the amendment dated June 17, 2017, between the Company, Knightsville Private Limited, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Tetenal Photocheme Private Limited, Khadim Development Company Private Limited, Moviewallah Communications Private Limited and Reliance PE Scheme I .
17. Escrow Agreement dated September 20, 2013 between our Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Khadim Development Company Private Limited, Tetenal Photocheme Company Private Limited, Moviewallah Communications Private Limited, Reliance PE Scheme I and Khaitan & Co. LLP as amended on June 7, 2017, between our Company, Knightsville Private Limited, (late) Satya Prasad Roy Burman, Siddhartha Roy Burman, Namita Roy Burman, Tanusree Roy Burman, Photo Imaging Private Limited, Khadim Development Company Private Limited, Tetenal Photocheme Company Private Limited, Moviewallah Communications Private Limited, Reliance PE Scheme I and Khaitan & Co. LLP.
18. Personal guarantees issued by Siddhartha Roy Burman towards our lenders.
19. Certificate on details of utilization of loans dated June 29, 2017.
20. Due Diligence Certificate dated June 30, 2017 addressed to SEBI from the BRLMs.
21. In-principle listing approvals dated July 10, 2017 and July 14, 2017 issued by BSE and NSE, respectively.
22. Tripartite agreement dated November 15, 2007 among our Company, NSDL and the Registrar to the Offer.
23. Tripartite agreement dated November 8, 2007 among our Company, CDSL and the Registrar to the Offer.

24. SEBI observation letter no. CFD/DIL-1/OW/22089/2017 dated September 13, 2017.

## **DECLARATION**

We hereby certify and declare that all relevant provisions of the Companies Act and the regulations, rules or guidelines issued by the Government or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all disclosures made in this Red Herring Prospectus are true and correct.

### **SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

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**(DIN – 00043715)**

**Siddhartha Roy Burman**  
*(Chairman and Managing Director)*

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**(DIN – 02540608)**

**Vinayak Vishwanath Kamath**  
*(Nominee Director)*

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**(DIN – 00390845)**

**Namrata A. Chotrani**  
*(Nominee Director)*

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**(DIN – 00122677)**

**Dr. Indra Nath Chaterjee**  
*(Independent Director)*

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**(DIN – 00045170)**

**Ashoke Kumar Dutta**  
*(Independent Director)*

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**(DIN – 07829304)**

**Surabhi Banerjee**  
*(Independent Director)*

### **SIGNED BY THE CHIEF FINANCIAL OFFICER**

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**Ishani Ray**

*(Chief Financial Officer)*

Place: Kolkata

Date: October 23, 2017

## **DECLARATION**

The undersigned, acting as the Promoter Selling Shareholder hereby certifies that all statements and undertakings made by him in this Red Herring Prospectus in relation to himself and the Equity Shares being sold by him in the Offer for Sale are true and correct, provided however, the undersigned Promoter Selling Shareholder assumes no responsibility for any of the statements made by the Company, the Investor Selling Shareholder or any expert or any other person(s) in this Red Herring Prospectus.

### **Signed by the Promoter Selling Shareholder**

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**Siddhartha Roy Burman**

Place: Kolkata

Date: October 23, 2017

## **DECLARATION**

The undersigned Investor Selling Shareholder hereby certifies that all statements and undertakings made by it in this Red Herring Prospectus in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct, provided however, the undersigned Investor Selling Shareholder assumes no responsibility for any of the statements made by the Company, the Promoter Selling Shareholder or any expert or any other person(s) in this Red Herring Prospectus.

### **Signed by the Investor Selling Shareholder**

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**For Fairwinds Trustees Services Private Limited, acting in its capacity as the trustee to Reliance Alternative Investments Fund – Private Equity Scheme – I**

Place: Kolkata

Date: October 23, 2017